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Southeast Asia Report



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22 May 1984

SOUTHEAST ASIA REPORT

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IRON, STEEL TRADE WITH PRC FACES OBSTACLES

Canberra THE AUSTRALIAN in English 23 Apr 84 p 9

[News Analysis by Don Kirkwood, Melbourne Finance editor: "Hawke's China Trade Prospects Fade"]

[Text]

IT IS likely the Prime Minister, Mr Hawke, has been barking up the wrong tree in his assessment of China's potential as a destination for substantial quantities of Australian iron and steel.

It was curious from the start that Mr Hawke, after discussions in China at the beginning of the year, should have been so unequivocal in his assessment of export possibilities.

Indeed, the Prime Minister was prepared to dismiss the views of Australia's only major steel maker, The Broken Hill Proprietary Co Ltd, with the observation that if BHP did not want to take advantage of such a situation, there were other fish in the sea.

Those fish have certainly kept to deep water, and BHP has emerged as opposed to the idea.

As managing director, Mr Brian Loton, pointed out last week, BHP would have to spend about \$7000 million on new plant to be able to supply a suggested figure of six million tonnes a year to China.

To base a major export project on one market would be irresponsible in the extreme. One can imagine the reaction from BHP's largest shareholder, Mr Robert Holmes a Court, if the concept were entertained by the Big Australian.

The proposal was presented against a background of widespread retrenchments in the Australian industry and a scaling-down of productive capacity, to which the Federal Government agreed.

It is only by dint of those retrenchments — the workforce was slashed from about 30,000 to 30,000

and will be allowed to decline further — that BHP's steel division has returned to profit.

It has certainly not returned to full corporate health, since the indicated profit level for this year is about \$100 million from steel.

By any standard, that is a poor return on total funds employed of \$2500 million.

It contrasts sharply with the oil division, whose total funds amount to about \$1600 million and which is likely to produce a profit of the order of \$400 million in the year to May 31.

Nobody would invest \$7000 million in a project that would return it about 4 per cent before any charges like interest were taken into account.

It is worth pointing out that the capacity which at present employs stated funds of \$2500 million produces as much iron and steel as would be exported.

So returns on a fresh investment could be catastrophically lower than the rate BHP looks like achieving in the steel division this year.

Put quite crudely, the group has better things to do with its funds, including development of the Jabiru oil field and the Juha condensate discovery in Papua New Guinea.

Its major future investment will be the second stage of the North West Shelf liquid natural gas project, to cost \$10 billion.

BHP has a direct 16.68 per cent interest in this project, subject to finalisation of agreements, and an

indirect interest of about 3.4 per cent through its shareholding in Woodside Petroleum.

These developments plus the Utah International acquisition show clearly that the great developments of the next few years will come from the energy sector, not from steel.

Unless there is a radical technological breakthrough in steel making it is hard to imagine any other group gearing itself up to supply China.

Most new technologies which have yet to be proved are directed towards the establishment of small, cheaper plants that bypass the huge investment needed to establish a traditional steelworks.

If a great technological breakthrough occurs, of course, there is no reason to assume it would not be available to China. That could virtually wipe out a \$7000 million investment overnight.

Not even BHP could regard such a prospect with equanimity. It is, finally, responsible to its shareholders and it must keep their best interests in mind.

That doesn't place the company in conflict with its employees or with the national good.

Shareholders need a profit to be paid dividends; employees need a profit so their wages can be paid; the nation needs viable industries that can survive in a competitive environment.

It is not as though BHP is ignorant of the Chinese market.

Its operations at Kwinana were closed down at the beginning of the decade because its Japanese and Chinese customers no longer needed the output.

As for export opportunities generally, both of raw materials and finished products, it has been assiduous in examining them.

A decade ago a jumbo steel plant to produce up to 10 million tonnes of steel a year at a cost of \$3000 million was finally abandoned.

It would have been situated on the east coast, although the west coast was seriously considered, and its output would have been directed towards the US Pacific coast, where there is no major steel plant.

The BHP board must be thanking its lucky stars it never went ahead, given that steel production in the US has crashed.

The board also examined the possibility of building a \$200 million roll-

ing mill in Saudi Arabia, but that had to be dropped in 1977.

Even as far as selling raw materials to China is concerned — and here the ground is much firmer — the going will be tough.

Late last year a senior Chinese delegation visited Australia to inspect existing iron ore mines and prospective mines.

There has been a suggestion China might take the unprecedented step of taking equity in a new Australian mine to meet its needs later in the decade, as its steel-making capacity picks up.

The proposal, in this form, has been attacked by Hamersley Iron, which operates the Mt Tom Price and Paraburdoo mines in Western Australia.

Hamersley's operations have a capacity of more than 40 million tonnes a year, and so do those of the Mt Newman joint venture.

Both are operating at less than 30 million tonnes a year and, as Hamersley has pointed out, capacity not being used is equivalent to a major world mine.

China's requirements, at least for the time being, could be supplied by those two producers.

In fact, given flat expectations for future demand for iron ore through to the end of the 1980s, there is no need to design a new mine at this stage.

That is a disheartening state of affairs for a large number of hopeful new miners, including BHP.

Apart from its Mt Newman interest, BHP owns title to the Deepdale deposits adjoining the Robe River mine.

Through its interest in Robe River's infrastructure, Deepdale would be the cheapest of the new mines to bring on stream.

BHP has been looking for markets for Deepdale for years, but without success.

The wash-up of the future trade in iron ore, coal, iron and steel with China looks to be in the field of exporting raw materials.

But the economics of a new steel plant look to be hair-raising.

There is no point establishing a new industry in Australia that would almost certainly join the list of mendicants before it had been in existence for very long.

EDITORIAL WARNS TRADE TILTING MORE IN NEW ZEALAND'S FAVOR

Canberra THE AUSTRALIAN in English 27 Apr 84 p 6

[Editorial]

[Text]

AUSTRALIANS' customarily patronising attitude towards New Zealanders might turn into envy as trans-Tasman trade tilts more in New Zealand's favor. After years of being given little consideration by Australian industry, New Zealand is now being courted by it.

More Australian businesses are considering shifting their plants offshore to New Zealand, and exporting their products back to Australia. The Victorian Employers Federation has warned that enterprises in several industries are preparing to move their operations to New Zealand.

Meanwhile, New Zealanders who had migrated to Australia a few years ago, are now returning for jobs presumably being offered, in some cases, by Australian-owned firms.

Australian businesses are being forced to consider moving offshore because of our high costs of production, a problem which is largely self-inflicted. Indeed, those firms which flee Australia will be doing so despite the fact that Mr Muldoon's Government has squeezed New Zealand's economy into a regulatory corset.

Mr Muldoon's restrictions, only mildly loosened on February 29, have meant that for 20 months government charges and wages have been frozen. As a result, New Zealand's inflation has fallen to a quarter of the rate it

was a year ago, and to half the present Australian rate.

By contrast, Australia has been wasting away with high inflation and excessive labor costs, while government taxes and charges have been consuming much of what is left.

New Zealand's economic triumph has been to freeze wages and hold down other labor costs, such as penalty rates, workers' compensation premiums and the like, which are as costly to employers as outright wage rises.

The punitive payroll tax which Australian industry has to bear is absent in New Zealand. Yet the States have been trying to squeeze a quart out of a pint pot with payroll tax, which in itself is a tax on jobs. With the largest manufacturing base of any of the States, the Victorian Government has been the worst offender. Until the payroll tax is abolished, manufacturers will be hard-pressed to compete on world markets and to employ Australians at the same time.

New Zealand offers manufacturers generous export incentives, an example the VEF wants us to emulate. While New Zealand's export incentives are undeniably more generous than ours, the best way to help exporters is to reduce their tax burden before they go out of business, rather than offer subsidies when it is too late.

We have been too complacent about taxes and labor costs, exporting jobs instead of goods to South-East Asia, while we import goods which we should have been producing ourselves. Governments must start helping industry by reducing the tax burden on it and by reducing labor costs which increase without any regard to productivity because of our centralised wage-fixing system and the reintroduction of full indexation of wages. Without these measures we shall have less and less success in keeping Australian jobs in Australia.

CSO: 4200/722

FEDERAL TREASURY FIGURES RELEASED; DEBT SERVICING RATIO UP

Sydney THE SYDNEY MORNING HERALD in English 21 Apr 84 p 20

[Article by John Short]

[Text]

CANBERRA: Australia's debt servicing ratio jumped from 11.3 per cent in 1978-79 to a huge 33.5 per cent in 1982-83, according to figures released by the Federal Treasury yesterday in its latest *Round-up of Economic Statistics*.

The Treasury Round-up also shows that Australia's gross external debt as a proportion of Gross Domestic Product increased from 11.4 per cent in 1968-69 to 20.6 per cent in 1982-83.

The corresponding figures for net external debt (after subtracting Australia's official reserve assets and lending overseas) were 6.1 per cent and 13.3 per cent respectively.

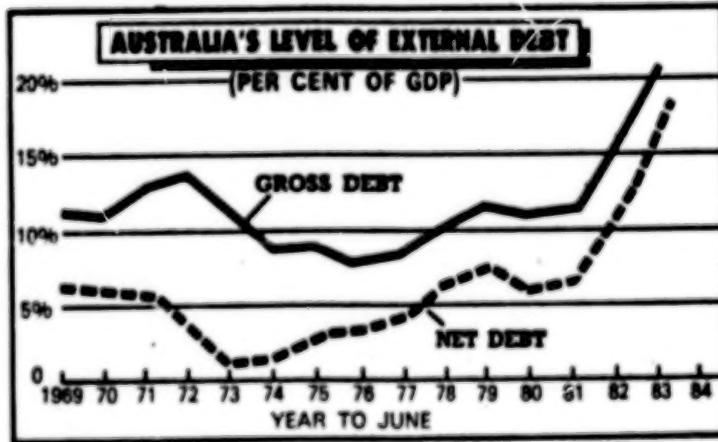
The department particularly stressed that the large increase in capital repayments recorded during the late 1970s and early 1980s was principally due to the high level of private investment in

resource and energy related industries during that period.

It also specifically noted that Australia's debt servicing ratio had deteriorated over this time because, although many of these projects had come into operation in 1981-82 and 1982-83, they had not yet entered their export phase.

Additionally, the Treasury publication stresses that Australia has gained significantly through a higher standard of living because of the high level of capital inflow indicated in the debt figures it has compiled.

But the department's analysis contains a warning, stating: "The benefit of this process to Australia, and its impact on our international indebtedness, depend importantly on the degree to which these resources are used to add to the economy's productive capacity and create the wherewithal to service future debt payments."



It later noted that although the net inflow of resources from overseas had been historically high in recent years, there had been a fall in domestic investment as a proportion of Gross Domestic Product over the 1970s and early 1980s following the high levels achieved during the 1960s resources boom.

And Treasury particularly added: "It has been consumption expenditure — and more particularly government consumption expenditure — which has been at a high level.

"Indeed, the national accounts data . . . reveal a definite long-term upward trend in government consumption expenditure as a proportion of national income since the early 1970s."

The data presented by the Treasury show that Australia's total gross external debt as a proportion of Gross Domestic Product has risen in recent years, with overseas borrowing by the private sector particularly showing a rapid rise over this period.

Private sector external debt remained fairly constant relative to GDP throughout most of the 1970s, according to the department, but rose sharply from 6.4 per cent of GDP in 1980-81 to 13.6 per cent in 1982-83.

Treasury said that this rise was associated, before 1982-83, with an increase in private domestic investment, particularly in energy and resource related projects that were commenced in the late 1970s.

"More recently, interest rate differentials favourable to overseas financing and the relative attractiveness of investment in Australia in the wake of the financial problems that have beset some Third World countries have been important influences on private sector external debt," the Treasury Round-up said.

The department also noted that since the relaxation of official constraints on overseas borrowings of public business bodies in 1977-78, borrowings by these enterprises had increased more rapidly than other public and public-guaranteed debt.

In its calculations of gross and net external debt and debt servicing ratios, Treasury excluded loans with maturities of 12 months or less and, thus, only included medium to long-term loans in its analysis because refinancing and repayment of short-term debt has not presented any problems for Australia's international liquidity position.

CSO: 4200/722

SYDNEY EDITORIAL ON OPPOSITION RISKS, STRATEGY

Sydney THE SYDNEY MORNING HERALD in English 21 Apr 84 p 12

[Editorial: "The Risks Facing the Opposition"]

[Text] ANDREW PEACOCK is now as safe as a losing leader can be. The politics of desperation have temporarily been suspended. The Liberal Party has more than conceded the next election to Mr Hawke, it has written it off. The pre-occupation of those who dominate the parliamentary party is no longer with strategies to minimise the party's losses in the coming election. It is with staking the ideological ground from which the party will fight Mr Hawke in the election after that. The Opposition's economic and wages policies exemplify the new preoccupation. Neither will be attractive to the electorate now, but both will be firmly in place when (and the Opposition's assumption is when, not if) the Government's policies are perceived to be failing.

Ruled out by this long-term stratagem is a pre-election challenge to Mr Peacock's leadership. Mr Peacock has demonstrated his inability to provide hard-edged Opposition leadership. He lacks ideological direction and he is a surprisingly poor tactician, a daily loser of the skirmish of Question Time. But dropping him now would not materially change the outcome of the next election. It would unnecessarily saddle his successor with an election defeat. Only if the Liberal Party loses its nerve (and as the election draws nearer the party will be more prone to panic) will there be a pre-election coup.

However, a loss of nerve in the next few months is probably the least of the risks facing the Opposition. Its strategy of occupying the vacant ground to the right of Mr Hawke is highly dangerous. It counts on more than just the failure of Mr Hawke's present policies. It assumes the Government's present policies as a constant. Mr Hawke is too pragmatic and skilful a politician for anyone to assume that he will persist with failing policies. The decisions to continue to deregulation of the financial system are evidence of his pragmatism. Mr Hawke is perfectly capable of stealing the Opposition's ground when it suits him. And he is more likely to abandon policies in anticipation of their failure than to be caught fighting for a lost cause. Mr Hawke would gracefully disengage from a failing wages accord and tighten fiscal and monetary policy if that is what circumstances required.

In short, he is perfectly capable of shifting to the right. So where does the Opposition go then? Will it be always somewhere to the right of Mr Hawke and the electorate? The Opposition is stumbling into the same trap that Mr Fraser laid for Mr Hayden. Mr Hayden was expansionist when Mr Fraser's economic policy was contractionary. Then Mr Fraser let the deficit expand. Mr Hayden's answer was to become even more expansionist and the Government was able to brand him irresponsible. Mr Hayden was caught because he had allowed his economic policy to become purely a function of his opponent's and Mr Fraser, too pragmatic to be consistently conservative, pushed him too far to the left. The present Opposition will fail if it continues to allow Mr Hawke to push it to the right. Mr Peacock may be judged a failure because he is unable to challenge Mr Hawke's hold on the middle ground of politics. But the answer is to find someone who can by putting the Government under continuous pressure and developing policies that are both attractive to the electorate and true to the party's principals. (It would, for example, be within the bounds of Liberal ideology to offer a national superannuation scheme in the form of a universal age pension.) The answer is not to march off into the wilderness, hoping that the electorate will eventually follow.

CSO: 4200/722

FORMER LEADER SAYS COMMUNIST PARTY FACES DISINTEGRATION

Canberra THE AUSTRALIAN in English 22 Apr 84 p 4

[Article by John Monks]

[Text] THE Communist Party of Australia, short of revolutionary zeal and outstanding causes, faces disintegration in the near future, Mr Bernie Taft, a former joint national secretary and member of its national executive, said.

Mr Taft, 65, who has long presented the more gentle face of Communism, described his resignation from the Victorian executive of the CPA--along with 22 other members of the 32 strong executive--as "the end of an era".

The party is "a spent force in Australian politics with membership declining drastically in recent years".

With the Queensland party already beginning to break up and other States expected to follow the Victorian line, the once-feared Communists are now seeking to form an "alternative" socialist organisation. Not--they stress--another political party.

Mr Taft--a qualified engineer who described himself recently as "a Euro-Communist, not a Russian or East European Communist"--said nearly all the remaining 300 CPA members in Victoria will soon resign.

Already, Mr Jim Frazer of the Australian Railways Union, Mr Harry Karslake, Builders Laborers Federation organiser, Mr Roger Wilson, assistant state secretary of the Seamen's Union, and Mr Mick Clarke, organiser of the Federated Engine Drivers and Firemen's Association.

Newly resigned members of the CPA are now expected to join the ALP--which has led to criticism by Dr Frank Knopfelmacher, reader in psychology at Melbourne University and one of Australia's most outspoken conservative commentators and expert in international Communist subversion.

He said they were simply following the example of their brethren in the UK.

"The best analogy is the dissolution of the Comintern--the Communist International--in 1943. After the dissolution, the party went on to establish the satellite States in Europe.

"It was merely a public relations exercise. It certainly did not decrease the Communist Party's influence," he said.

The State committee members who resigned include at least eight top ranking officials of powerful Australian unions. All have opposed the re-affiliation of right-wing unions to the Labor Party.

From a peak of 25,000 members 40 years ago, the CPA has slumped to less than 1500 members today.

When Mr John Halfpenny, the Victorian secretary of the Amalgamated Metals, Foundry and Shipwrights Union, moved from the Communist Party to the ALP in 1979, he joked that he "really could not tell the difference anyway".

Mr Halfpenny was at the time, of course, referring to the Victorian branch of the ALP which was then, as it is now, dominated by the powerful, revolutionary-minded Socialist Left faction.

Yesterday, Dr Knopfelmacher was highly critical of the Socialist Left which he described as more radical than the "tired old CPA".

"The Socialist Left is already full of Communists more horrible than the membership of the CPA," he said.

The Socialist Left leadership, especially Mr Bill Hartley, even support the terrorism of Libya's Colonel Gaddafi," Dr Knopfelmacher said.

But there is some good in the CPA's breakup.

"It proves that the Australian people will not support these way-out groups any longer," Dr Knopfelmacher said.

CSO: 4200/722

SYDNEY EDITORIAL VIEWS PROBLEMS IN AID TO PNG

Sydney THE SYDNEY MORNING HERALD in English 27 Mar 84 p 10

[Editorial: "How To Aid Papua New Guinea"]

[Text] PREDICTABLY, the broad outline of the Jackson Committee report on future aid to Papua New Guinea has angered the PNG Government and caused Mr Somare to come out swinging. While Papua New Guinea's Opposition Leader, Mr Okuk, supports committee recommendations, this must not obscure the fact of his ardent support for untied aid when in government. The committee, chaired by Sir Gordon Jackson, was set up nearly 12 months ago by Mr Hayden to advise on the general effectiveness of Australia's overseas aid, running at about \$750 million in the current financial year, and to recommend changes. The committee's report goes to Mr Hayden in a few weeks time. The most important of the committee's recommendations concerns Papua New Guinea. Aid to Papua New Guinea has always been untied and takes the form of budgetary support. The money is paid into the PNG Treasury and the PNG Government spends it as it thinks fit. This year aid to Papua New Guinea may reach \$300 million, about 28 per cent of the PNG Government's total revenue. It will also be about 35 per cent of the total Australian aid program. No other country gives such a

large proportion of its aid to one recipient.

The main thrust of the report is that Australia's untied aid to Papua New Guinea should continue but, over a period of time, say five years, be partly replaced by tied or project aid. Eventually it is envisaged that both forms of aid will phase out according to a formula tailored to Papua New Guinea's estimated capacity to finance its own development. The main arguments for instituting project aid were published in a Herald article last Friday. The report lists a number of Papua New Guinea's alleged failures, both social and economic, including its disappointingly low economic growth rate despite large-scale aid infusions. The report emphasises, as a result, the need for closer Australian monitoring and greater PNG accountability.

Politically, a move towards substantial project aid at this juncture can, in fact, only revive the acrimonious argument that took place in Papua New Guinea prior to independence over the future nature of Australian aid. It then became Australian policy, upheld by successive Australian Governments, including Mr Hawke's, that the basis for

Australian aid lay in untied grants. Moreover, some of the report's conclusions are arguable. Despite many difficulties, including the recent recession and the effects of depressed copper and commodities prices, the PNG Government has managed successfully to check inflation, curb wages and maintain a real growth rate of 2.5 per cent yearly, a better performance than any other comparable country's, or Australia's for that matter. Three unrelated sets of statistics tell a story. Real investment grew 17 per cent in 1980. This slumped in 1981 to 4.1 per cent but rose to 15 per cent last year. Between 1977 and 1983 school attenders increased by more than 70,000 , representing an increase in the enrolment rate from 55 per cent to 62 per cent. Between 1973 and 1983 the proportion of population not serviced within two hours by a rural first-aid post halved from 14 per cent to 7 per cent. But in all of this the real risk in seeking greater accountability in Papua New Guinea for Australian aid through the introduction of project aid is political. Project aid, no matter how well intentioned, will be seen as belated interference in Papua New Guinea's internal affairs and well may prove correspondingly counter-productive. As Mr Somare says, two and a half days is not long enough for the Jackson Committee to have reached sound conclusions on so drastic a change of policy.

CSO: 4200/710

MARI ALKATIRI ON U.S., PORTUGUESE POSITIONS

Lisbon DIARIO DE LISBOA in Portuguese 16 Apr 84 p 9

[Text of interview with Mari Alkatiri, director of the Foreign Relations Department of FRETILIN (Revolutionary Front for East Timor Independence), by DIARIO DE LISBOA, in Lisbon, date not supplied]

[Text] The political and military situation inside East Timor, the effect of the war on Indonesian society and the position of Portugal, the United States, Australia and the Portuguese-speaking African countries on this serious international problem: these were the topics of a short conversation between a DIARIO DE LISBOA editor and Mari Alkatiri, director of the Foreign Relations Department of FRETILIN. Stopping over in Lisbon in transit from Maputo, Alkatiri spoke with DIARIO about his people, who have been at war for several years against a powerful enemy. He blamed the Portuguese authorities for a certain political and diplomatic passivity regarding this grave problem, which has caught the interest of the international community and has come before the United Nations, where Mari Alkatiri has represented FRETILIN in the debates.

Following is the transcript of the conversation between DIARIO and the political leader.

Question: What is the political and military situation inside the territory of East Timor?

Answer: At this moment, the enemy has about 45,000 to 50,000 soldiers stationed on East Timorese territory. After the failure of the last two operations, in August and October 1983, we can describe the situation as follows: the objectives of the operations were not achieved as the enemy intended; it did not capture our principal leaders, specifically, the president of FRETILIN. In particular, we can verify that our ranks have been filled out quantitatively and qualitatively with the mass desertion of Timorese who had been recruited in the last 3 years by the enemy forces. At this time, our military operations are spread throughout the national territory, launched by FALINTIL and MIPLI [Popular Militia for the National Liberation of East Timor]. Before the October operation, most of the MIPLI were deployed in zones occupied by the enemy. It should be said that, at this

time, there is a balance of forces. The enemy is demoralized and unable to advance, whereas morale on our side is very high. We understand, however, that if we had carried the war into the occupied zones it would have provoked a major blood bath. It was in light of this that we offered a peace proposal. This balance of forces is the most favorable factor in the search for a political [solution] to the problem.

Question: What is the situation in the occupied zones?

Answer: In East Timor, the reverse is true of the occupied zones. The situation is one of repression, more than ever before, in which whole families have disappeared, to the point that we could describe the situation as desperate. Even Indonesian collaborators have suffered in this wave of repression. The Indonesian authorities have begun to suspect everything and everyone. Not to mention the generalized famine, the lack of medical care and corruption at every level.

Question: What effect has the war had on Indonesian society?

Answer: Recently, since 1982, there have been mass refusals to fight in East Timor. This is the only way to explain the preliminary discussions and the signing of the cease-fire agreement. At the moment, this same refusal to serve is encountering support among Indonesia's active officers. Why? For a simple reason: since the middle of 1981, we have adopted a special tactic. We created a special shock force which operates in small groups of from two to three men, assigned to take out selective targets. The targets are the Indonesian officers. It has been demonstrated to be more efficient to eliminate one officer than 100 soldiers. There are also disagreements in the Indonesian Armed Forces General Staff. In the military hierarchy there are those who advocate a solution which would give East Timor a special statute. In addition to these disagreements, there is also an increasingly open movement against the war in East Timor and in favor of the territory's independence. These individuals think that a military solution in East Timor will only serve to bring peace and stability to the region. There is another extremely important force: the Catholic Church. The last episcopal conference declared last December [1983], for the first time, that it was solidly against the aggression and barbarism committed against the Maubere people.

Question: Where do you think Portugal stands on this problem?

Answer: When we began to discern some currents here in Portugal in favor of negotiation with Indonesia, we asked: What are the objectives of this negotiation? What are the preconditions for negotiating? Who would participate directly in these negotiations? In my understanding, any negotiation must include Indonesia (the occupying power), Portugal (the administrative power recognized by the United Nations) and FRETILIN, as the East Timor liberation movement. But what we have observed here in Portugal is a deliberate effort by Minister Jaime Gama to ignore FRETILIN. This means, on the face of it, collusion with Indonesia.

Why collusion? Let's see. It is FRETILIN which leads the armed resistance of the people of East Timor. Second, any solution to the East Timor problem must be aimed at bringing the war to an end. Third, here must be special

consideration for the desires and aspirations of East Timor. None of these conditions can be met without FRETILIN's participation. If it is impossible to meet these conditions, who could produce an agreement between Portugal and Indonesia based on a principle that Portugal would begin to recognize? In practice, this would simply be transferring sovereignty from a colonial power to a new power, also colonial, which is Indonesia. For the international community, this could convert the problem of East Timor into an internal matter for Indonesia. Actually, Indonesia has been working for 10 years to achieve this, without success. So we can never accept any process of dialogue, discussions or negotiations on East Timor without FRETILIN's participation. But we also believe that the Portuguese Government has enough statesmanship not to allow Indonesia to ride roughshod over it, which would be inevitable if Jaime Gama's plan were carried out.

Question: What is Australia's role in this whole situation created in Timor?

Answer: Australia is our nearest neighbor, after Indonesia, and we have historical relations with it. During the Second World War, our people gave their lives to defend the country in the battle against Japanese expansionism. For this reason, FRETILIN has always had broad popular support in Australia. However, when the conservative government was in power in Australia, it totally allied itself with Indonesia. Today, with the labor government, although its position is not very clear, we can say that there have already been some changes. The solidarity movement has grown. Within the government itself, at least 23 of the 27 ministers support the right of the people of East Timor to their independence. The others have not declared themselves. In the other government bodies, East Timor is a lively issue and we have received a good deal of support. We think the situation is favorable for a negotiated solution to the conflict, because the Australian Government, more than other governments, is familiar with the war in East Timor; it knows the costs and it knows that Indonesia has no chance of winning.

Question: And the United States? What is the current position of the Reagan administration?

Answer: The United States has been Indonesia's major supporter at the political and military level (arms supplies). This is the White House position. But at the level of the Senate [sic], I would say that we have the signatures of at least 130 congressmen supporting the positions of East Timor and demanding an end to the war and a search for a negotiated solution that would respect the Maubere people's basic right to self-determination and independence.

Question: In conclusion, can you tell me about the position of the Portuguese-speaking African countries on this problem?

Answer: The Portuguese-speaking African countries have been the rearguard and the front line of the people of East Timor in their struggle for independence. It is because of the support of these five countries that we have had some success in our diplomacy at the international level. The position of these five countries is unequivocal. I note that in the last summit meeting in Dili, the five chiefs of state approved the peace plan presented by FRETILIN as the working plan for this year. I would like it very much if Portugal and Brazil immediately joined in this effort undertaken by FRETILIN and these five countries, in light of the undeniable historical and even cultural ties between our peoples.

AUSTRALIAN AID PROGRAM VALUED AT 200 BILLION RUPIAH

Jakarta PELITA in Indonesian 23 Mar 84 pp 1, 7

[Excerpts] The Australian Information Office announced on Thursday [22 March] that Indonesian and Australian officials have reached agreement on a development program for Indonesia that will be implemented over the next 3 to 4 years and that contains an Australian commitment for projects valued at about 200 billion rupiah.

The program is Australia's largest bilateral project-aid program and all of the aid will be provided in the form of grants.

The cooperation that will be carried out between the two nations in the development sector will be based on the objectives and priorities that have been established for the Fourth 5-Year Plan.

The aid projects that will be implemented under the agreement are described below.

Potable Water

Australia will assist in planning, designing and building a potable water system in Cilacap. This will include supplying experts to provide advice, and supplying and installing pipes and other materials connected with the project. Estimated cost: 7 billion rupiah.

The second phase of the potable water project for Tanjungkarang-Telukbetung will be continued this year.

Australia will provide assistance in obtaining water for 25 towns in Bali. Estimated cost: 2.5 billion rupiah.

Bridges

Prefabricated steel frameworks for suspension and concrete bridges will be assembled by Indonesia contractors. In addition to supplying prefabricated steel bridges, Australia will provide three factories to manufacture components used in the concrete bridges and also will provide technical assistance and training. Estimated cost: 75 billion rupiah.

Stockbreeding and Agriculture

A stockbreeding research and development project will be implemented in Ciawi, West Java to improve the quality and increase the production of livestock. The project will also be aimed at increasing the profits and improving the welfare of farmers. There will also be a training program for Indonesian technical staff and college graduates. Estimated cost: 33 billion rupiah.

There will also be a project to control flooding, discharge water and supply irrigation water from the Bah Bolon river in North Sumatra. Estimated cost: 23 billion rupiah.

The East Nusa Tenggara Stockbreeding Project will be a model ranching project. Local farmers will raise cattle and work an area of limited size and will receive assistance in the management of agricultural land and stockbreeding. Estimated cost: 3 billion rupiah.

Mining

The Indonesia-Australia Geological Mapping Project will provide the Geological Research and Development Center of the Department of Mining and Energy with institutional support and assistance.

The surveys that are carried out will help identify areas where detailed studies of mineral resources and sources of energy can be conducted. Estimated cost: 9 billion rupiah.

Aid in the area of technical and vocational education will be provided to improve the skills and train teachers at the Technical Teachers Upgrading Center in Bandung and the Vocational Teachers Upgrading Center in Jakarta. Australia will provide advisors and meet the cost of tuition. Estimated cost: 25 billion rupiah.

5458
CSO: 4213/200

PURPOSE, RESULTS OF ABRI VILLAGE ASSISTANCE PROGRAM

Jakarta KOMPAS in Indonesian 24 Mar 84 pp 1, 11

[Text] General L.B. Moerdani, the commander of the Indonesian armed forces [ABRI], has affirmed that the AMD [ABRI Village Assistance] program can train people to think like contractors but that this is an undesirable characteristic and must be eliminated. He said that while the AMD program is not an "Aladdin's lamp" that can create something from nothing, neither is it a contracting program run by building contractors.

The general made the comment on Thursday, 23 March in Denpasar while addressing the Joint Plenary AMD Meeting for 1983/84. The meeting was attended by the chiefs of staffs of the three armed services, the chief of the national police, the commanders of the territorial defense commands and military region commands, the commanders of Naval Region Command IV and Air Region Command IV, the chief of Police Region Command XI, and other ABRI officers. The general said that the AMD program is intended to instill a spirit of struggle in ABRI personnel, and to make them aware of why ABRI exists and for whom it exists.

"The AMD program is intended to make each member of ABRI realize that ABRI was born out of a spirit of struggle--a spirit displayed in the struggle to protect and defend the interests of the Indonesian nation--and to instill in each member of ABRI a willingness to work hard and make sacrifices in the interest of their nation and homeland," he said.

Therefore, he said, in evaluating the AMD programs that have been carried out from 1980 to the present we must look at the extent to which a spirit of sacrifice and a willingness to make sacrifices have been made a part of these programs.

General Moerdani said that in addition to seeing the AMD program as a means of instilling a spirit of struggle in ABRI personnel, there is a second factor in the thinking behind the program. This factor is ABRI's desire and determination to participate in activating certain types of development activities that will have an important meaning in the lives of the people concerned, particularly in rural areas and areas where development projects have not yet made a definite impact. This emphasis on ABRI's participation in development projects is beneficial to the public, he said.

907 Company-size Units

General Rudini, the army chief of staff, who is in charge of the operations of the AMD program, reported that to date program operations have been carried out in 27 provinces, 967 districts, 1,479 subdistricts and 2,634 villages and that 907 company-size units have been involved in these operations.

He listed the physical results achieved through the 14th AMD program as follows: 2,964 km of roadway, 1,374 bridges, 283 irrigation works, 607 civil defense posts, 1,344 cisterns, 209 schools, 813 places of worship, 685 public lavatories, 1,108 houses and 282 village halls.

General Rudini said that there has been a positive response to program activities by the public and also by government offices. He said that ABRI has even been asked to promote quick-yielding economic projects, such as fish ponds and chicken farms.

Regarding the AMD reforestation program in which Military Region Commands I, IV, X, XIII and XVI are involved, he said that since October 1983 planting has been completed on about 80 percent of the designated area and that the maintenance phase has begun.

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CSO: 4213/200

FRETILIN SAID PURGED OF COMMUNIST ELEMENT

Lisbon O DIABO in Portuguese 24 Apr 84 p 20

[Text] "It is necessary and it is imperative to state that the Timorese people have nothing to do with international communism, whose inhuman revolution some have wished to impose on Timor, with the complicity of FRETILIN [Revolutionary Front for East Timor Independence] leaders," stresses a report from GATIMOR (Office of Timorese Studies) which came to our desk. The report analyzes in detail the major aspects of the Timorese issue.

Reporting on recent statements by Monsignor Martinho Lopes, former apostolic administrator of Timor, and defending the same point of view that we have been maintaining in O DIABO, GATIMOR observes:

"...it is necessary to record that, in its origins, method of operation and ideology, FRETILIN is a Marxist communist organization. Hence we are not concerned here simply with a symbol or a name, but with a clarification of FRETILIN in all its aspects. If the members of the Timorese Resistance are not communists-- and in addition to the statements by Monsignor Martinho Lopes, there are numerous indications and much evidence that they are not--it should be stated clearly that it is not FRETILIN which is fighting in Timor, but rather Timorese nationalists, including both many former soldiers of FRETILIN, who fought in good faith, and sympathizers and members of other organizations."

In this regard, the information supplied by GATIMOR contains impressive testimony, which we are reprinting here and which we feel the public has heretofore been largely unaware of.

"A former soldier in the Timorese army, who fought in the resistance and surrendered in 1978, stated that most of the units under FRETILIN's command were fighting to the death to defend the Portuguese flag. There was the highly publicized case of Sergeant Aquiles who, for this loyalty, was executed as a traitor by forces loyal to Xavier do Amaral, the president of FRETILIN, who himself later defected to the Indonesian authorities. But this crime was the beginning of the downfall of the communist wing of FRETILIN which, starting with its president, found itself forced to go over to the Indonesian authorities because it was rejected within the resistance movement. Then began the internal purification of the resistance itself and the replacement of the cadres and members of the command.

"For the soldiers who wished to remain faithful to the Portuguese flag, it constituted a symbol," the text continues, "a symbol of the sovereignty which they had sworn to respect and obey before the representatives of Portugal. Many of these soldiers felt they owed the same obedience to the FRETILIN leaders... as they did to the Portuguese governor or military commander. When they finally had proof positive that their good faith had been betrayed, they determined to purge the resistance movement itself. This resulted in the disappearance of all the principal FRETILIN leaders, as Monsignor Martinho Lopes himself recently testified."

Forest of Lies

The Gatinor report notes that the Commission of the "FA [Portuguese Armed Forces Movement] in Timor was to blame for the development of FRETILIN, which was shown much more favor when it was hostile to Portugal and Indonesia, pursuing a strategy that "could only have been conceived by a stark lunatic or by someone who did not love Timor and did not wish its people well."

Many other aspects of the Timor problem are covered in this document, specifically the atrocities committed by the Indonesian occupiers, the tragic situation of the orphans of thousands of victims and the difficulties which the Timorese refugees have always faced in Portugal and which are becoming worse. The absolute illegality of the invasion and subsequent annexation of Portuguese Timor by Indonesia--although it was systematically provoked by FRETILIN--is also stressed. One of the false justifications offered by Djakarta, the so-called document of petition, signed in 1975 by a half dozen leaders of Apodeti, Kota, the UDT [Timorese Democratic Union] and the Workers Party, has no validity whatever.

"No jurist in the world would give this document any binding force; neither its form nor its content could have any effect. Perhaps for this very reason, none of the conditions set down in the document with some pomp and circumstance has been carried out. Moreover, most of the leaders of the UDT, imprisoned by order of the FRETILIN leadership in Dili, issued a statement rejecting and denying the validity of the document. Unfortunately, the FRETILIN leaders, blinded by the power on which they had such a tenuous hold, did not make this known to the world.

A salient point in this report by the Office of Timorese Studies, as we said before, is that the resistance movement which is currently fighting the Indonesian occupier does not conform to the image created by FRETILIN. The FRETILIN leaders in Timor who were trained abroad and infiltrated into Timorese territory "are either already dead or have given themselves up to the Indonesian military authorities, as in the case of its president, Xavier do Amaral."

Regarding the way in which the problem of Timor is being presented, Gatinor considers it a forest of lies.

"Anyone who has paid the least attention to the most recent policy positions and reports appearing in the news media regarding the question of Timor finds himself tangled in a real web of contradictions. The foreign affairs minister talks, on one hand, about a new impetus to launch initiatives to solve the Timor problem and, on the other hand, he stresses that self-determination is not in

the economic interest of the Timorese people. Thus one is left not knowing if these new initiatives will be the starting point in reconciling economic interests with political rights and principles, so as to arrive at a just solution, or if the minister is simply laying the groundwork to deny the viability and weight of these same initiatives."

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CSO: 3442/352

PRESIDENT COMMENTS ON NEED FOR RELIGIOUS HARMONY

Jakarta KOMPAS in Indonesian 26 Mar 84 pp 1, 12

[Excerpts] President Suharto has affirmed that the government has never even considered depleting the quality of religious life, much less forcing religion into a corner, and that the attention and efforts of the government always have been directed at promoting religious life to show that the Indonesian state is very attentive to the religious life of its people.

But at the same time, the Indonesian state is not a theocratic state, and the Indonesian government is not based on any religion or religious doctrine. "Our state and government respect the religious freedom of all persons and their freedom to worship according to their religion and belief," he said.

President Suharto made these comments at the State Palace in Jakarta on Saturday [24 March] during a reception for the persons participating in the Joint Working Meeting of the Department of Religion.

The chief of state also said that religion is a matter of conviction and that there is no worldly power that has the ability and right to interfere in the inner convictions of a person. Consequently, the government must provide for the religious life of the nation as well and as justly as it can.

"As I have said before, we do not want any religious group, no matter how small, to feel that they are oppressed and that their religious freedom is restricted," the president said.

The Joint Working Meeting of the Department of Religion began on 20 March and ended on 23 March.

Self-control

The chief of state said that in exercising religious freedom in Indonesia, all communities and groups definitely must be able to control themselves so that harmony among religious groups will continue to be maintained. He said that the officials of the Department of Religion play a very important and sometimes complicated role in maintaining religious harmony, for as government officials they must remain impartial and cannot identify themselves as followers of any religion.

He said that the important thing is that they must always realize that their duty and responsibility is to constantly strive to maintain and develop harmony among religious communities and among religions. This is a task that requires understanding and wisdom, compassion and tolerance, and a mature attitude, he added.

The president said that he was intentionally emphasizing the need for religious harmony because the entire potential of the nation must be mobilized to increase the level of development activities in a future that is fraught with challenges. The Indonesian nation is determined to lay out a runway in Repelita IV [Fourth 5-Year Plan] and to reinforce that runway in Repelita V so that we can take off toward a just and prosperous society in Repelita VI, he said.

"We do not want the unity and harmony of national life to be disturbed for this would certainly reduce to some extent our nation-building capacity," he said. Moreover, he added, this would not be consistent with the missions of the various religions and their teaching of noble and humanitarian values.

"We need to develop a high level of national solidarity. We need a healthy condition of harmony in which large groups do not feel they are being harmed and small groups do not feel oppressed. We must develop a strong national resilience that will enable our nation to develop all of its potential and capacity to build so we can overcome our backwardness and underdevelopment. And by realizing this we can go forward, increasing the development of our nation and the development of religious life," the chief of state said.

Religious Harmony

Minister of Religion H. Munawir Syadzali pointed out that the theme of the joint working meeting, "By Maintaining Harmony in Dynamic Religious Life and With a Clean and Authoritative Organization, the Department of Religion Is Making the 5-Point Program of the Fourth Development Cabinet Succeed," emphasizes religious harmony.

The policies and measures to be carried out by the Department of Religion in 1984/85 were discussed at the joint working meeting. The subjects covered included strengthening the function and role of the Interfaith Consultative Board so as to improve harmony among religious groups and to increase their participation in national development, increasing the level of social cooperation, and the holding of consultations within and among religious groups as a means of solving problems they have in common.

The meeting also decided to intensify the efforts that are being made to give the dual role of religion and religious groups a more dynamic quality. On the one hand, religion and religious groups must be able to overcome the negative impact of the modernization process and those social and cultural practices that are not compatible with the identity of the Indonesian nation. And on the other hand, religion, in performing its function as a standard and system of social and cultural life, must be able to keep pace with the process of modernization.

Another decision of the meeting was to strengthen devotion to Almighty God by increasing national vigilance against the latent danger of communism, atheism, secularism and groups that advocate extremist doctrines. In so doing, particular attention is to be given to providing guidance and direction so as to prevent the emergence and spread of deviant religious trends or movements that use religion to mislead people.

With regard to the guidance of religious life, it was decided that the Department of Religion should increase the amount of guidance it provides so as to safeguard the implementation of all pertinent legislation and regulations, and that it should prevent the misuse and defilement of religion, and that it should make sure that its offices are carrying out their assignment of ensuring that order is maintained in the implementation of religious development projects and at religious services.

Guidelines were issued on the dissemination and development of religion, on foreign aid for religious institutions in Indonesia, on the performance of missionary activities and the presentation of sermons and religious talks, on the celebration of religious holidays, and on other policies established by the minister of religion.

It also was recommended that the Department of Religion should improve the efficiency and effectiveness of its administrative procedures and place more emphasis on coordination, integration, synchronization and simplification in planning, implementing and monitoring activities at the national and regional levels.

In addition, it was recommended that the department should continue its efforts to improve and develop scientific studies and research as this will provide input that will be helpful in the formulation of policies and decision making.

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CSO: 4213/200

LEGAL AID INSTITUTE EXPERIENCING INTERNAL DISPUTE

Jakarta PELITA in Indonesian 28 Mar 84 pp 1, 12

[Text] T. Mulya Lubis, SH [master of laws] should resign as chairman of the Indonesian Legal Aid Institute (LBH) because his administration has been marked by a series of internal crises that have been an embarrassment to the organization.

This comment was made yesterday by a lawyer who is well-known in the capital and a former member of the Jakarta branch of the LBH.

He said that he feels that Mulya Lubis has failed to lead the LBH in extending help to the little people and the poor, and therefore, since he is a true democrat, he should not put off resigning.

He also said that Mulya Lubis has displayed the most "tenacity" in asking officials to resign their posts when there has been "trouble inside a government agency."

"Mulya Lubis asked Rusmin Nuryadin, the minister of communications, to resign when the Tampomas sank, so now it is only proper that he should display the same noble spirit and announce his resignation," he said.

"I would like to see Mulya Lubis set an example by acting like the true democrat he is always talking about," he added.

As is known, 16 former members of the LBH who are now practicing in Jakarta have issued a statement saying that Mulya Lubis and Abdul Hakim should resign their positions. The statement also says that the two are the cause of the unrest within the LBH and that this unrest reached a peak when seven of the Jakarta LBH public defenders, including the director of the Jakarta branch, Abdul Rachman Saleh, SH, resigned.

Appointment

Abdul Hakim Garuda Nusantara, who was "compelled" by the Mulya Lubis faction to put his name in nomination for the position of director of the Jakarta LBH, will be appointed director of the Jakarta branch on 2 April 1984. He replaces Abdul Rachman Saleh, SH.

The appointment will be carried out in conjunction with a ceremony marking the 13th anniversary of the founding of the LBH.

Abdul Hakim is not widely known among legal practitioners, since he has never served in the capacity of public defender in the courtroom.

Although he is secretary and executive manager of the Indonesian LBH, a number of public defenders do not support his appointment as director of the Jakarta LBH.

One of the actions taken to express their disapproval of the appointment was the issuance of a press release. This press release, which was issued by the public relations section of the LBH and signed by Anhar Rivai, announced that the Jakarta branch of the LBH at Jalan Diponegoro 74 would be closed temporarily beginning on 20 March 1984.

The press release said that the Jakarta branch was being closed prior to the expiration of the term of office of the chairman of the Indonesian LBH and director of the Jakarta LBH because there were still irregularities in the interpretation of the structural process of legal aid.

However, Mulya Lubis, with the assistance of the police, reopened the office that same day.

The crisis reached a peak on 22 March 1984 with the resignation of seven of the Jakarta LBH public defenders, namely, Abdul Rachman Saleh, SH; Mrs Tuty Hutagalung, SH; Mrs Zubaida Warouw, SH; Rusli Pandika, SH; Edie Budi Prasetyo, SH; Anhar Rivai, SH; and Suwisnu, SH.

Abdul Rachman Saleh's term as director of the Jakarta LBH expires on 1 April 1984 and he had planned to leave the LBH on that date. Tuty Hutagalung also planned to leave the LBH on 1 April.

According to Mulya Lubis, in addition to the Abdul Hakim appointment, Mrs Nusrsyahbani Katjasungkawa, SH and A.Z. Abidin, SH have been appointed deputy chairmen of the Jakarta LBH.

He also said that the leaders of the national LBH will soon call for applications for the position of public defender so that persons can be selected to fill the positions of the staff members who resigned.

No Comment

Mulya Lubis said he was not prepared to comment on the statement issued on 24 March 1984 by the 16 former members of the Jakarta LBH.

In this statement the former members asked Mulya Lubis and Abdul Hakim to voluntarily resign their positions.

The statement also said that the resignation of seven Jakarta LBH public defenders on 22 March 1984 should be interpreted as meaning, on the one hand,

that they had no personal desire to continue to work for the Jakarta LBH, and, on the other hand, that it was their intention to give the board of trustees and executive board of the national LBH the freedom to take maximal action to improve the organization.

The statement also said that the resignation of the seven public defenders was the only way that they could criticize the national LBH, since the avenue for formal criticism was blocked by elitist and emotional attitudes.

According to the statement, if the present crisis in the Jakarta LBH is to be resolved then a person who is talented, authoritative, senior in both years and experience, and acceptable to all sides must be sought out and placed in the branch.

The statement was signed by I Wayan Sudirta, SH; Teguh Samudera, SH, Maqdir Ismail, SH; Tatang Suganda, SH; Hotma Sitompul, SH; Mrs Nurna Husin Yusfar, SH; Sri Kusumastuti, SH; Yusup Abdullah, SH; Sri Redjeki, SH; Kusumawati Susilo, SH and others.

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CSO: 4213/200

MUSLIM INTELLECTUALS OPPOSE USE OF TERM 'FUNDAMENTALISM'

Jakarta HARIAN UMUM AB in Indonesian 28 Mar 84 p 2

[Text] There is no fundamentalism in Islam, for Islam admits of only one characteristic and quality, namely, the characteristic and quality of Islam. This conclusion was reached during the discussion of a lecture presented by Prof Dr Richard C. Martin in the conference room of the Yarsi Medical School in Jakarta on Tuesday [27 March]. The lecture was titled "The Return of Fundamentalism in Islam and the West."

The lecture and discussion period lasted 2 hours and were attended by Muslim intellectuals, including Prof Rasyidim, Imran Rasyidi and the Iraqi ambassador in Jakarta, M. Zuheri al Bayrakjar, and a number of physicians from the Islamic Hospital Foundation.

Prof Martin, a member of the Department of Religious Studies at the University of Arizona in the United States, said that fundamentalism has emerged as a result of disappointment and of the contention between East and West.

But this view was opposed by the participants, who said that the term "fundamentalism" actually was used by the Western press to discredit Islam since the term could be interpreted to mean obsolescence, backwardness and ignorance.

The lecture and discussion period were conducted in a lively and informal atmosphere. The meeting ended on a positive note when Prof Martin said that although this was a small and short meeting, he had received much valuable input from it. He also said that he hoped he would find the right word to use in place of the term "fundamentalism" when discussing Islam.

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BRITTS

FRETILIN SCORES GAMA'S POSITION--In Lisbon on 12 April, FRETILIN [Revolutionary Front for East Timor Independence] said it was sure that the organs of government and Portuguese public opinion would continue to reject the annexation of East Timor by Indonesia. FRETILIN Foreign Affairs Minister Mario Alkatiri and Information Minister Abilio Araujo met on Thursday in a Lisbon hotel for a working conference with Portuguese and foreign journalists. "Any negotiation between Portugal and Indonesia which ignores FRETILIN will have no practical effect whatever, because we are in armed combat against Indonesia," Abilio Araujo said. The FRETILIN information minister added that "the representatives of the Portuguese people would be committing an immoral and treacherous act if they were to disregard the rights of the people of East Timor." He said that "500 years of Portuguese colonization cannot end with the transfer of the exploitation to Indonesia." Mario Alkatiri accused Portuguese Foreign Affairs Minister Jaime Sara of advocating a policy of capitulation, in arguing for the recognition of Indonesia's annexation of East Timor. [Text] [Lisbon 9 RIAP in Portuguese 24 Apr 84 p 20] 6362

CSO: 3442/352

KAMPUCHEA

PRK, FAO OFFICIALS FORECAST CROP PROBLEMS

Frankfurt/Main FRANKFURTER ALLGEMEINE ZEITUNG in German 25 Apr 84 p 3

[Article by Erhard Haubold: "A Buddhist New Year's Without Hunger—Kampuchea Is Smiling Again"]

[Text] Phnom Penh, 24 April—People ate well in the Kampuchean capital this Buddhist New Year's which takes place during the height of the summer heat but also in the midst of the mango season. There are happy, well-nourished people everywhere and hardly a child with the telltale swollen belly anywhere. Only the foreigners are disturbed by the fact that the fish and chicken bones are first left on the tables and only then thrown on the floor to be swept up. There was a 15 year-old Mercedes coupe in front of an open-air restaurant I could photograph and next to it, more than two dozen shiny Japanese-make motorcycles driven by young people in jeans and tight-fitting shirts—just like everywhere else in Asia. In front of Sihanouk's palace, which has been turned into a museum, elephant rides are being offered and across from the palace, on the banks of the Tonle Bassac, well-dressed women are showing off their finery and photographers are taking the pictures of happy families. There is no doubt about it: much has been achieved and much has improved in Kampuchea in the 5 years since the ouster of Pol Pot. One can see pretty girls once again, who complain about the lack of men but—and this is another sign that the catastrophe has been overcome—who have blessed their country with a baby boom.

More Traffic Accidents Than Ever

Ever since a handful of traffic lights were installed in Phnom Penh, the GDR surgeons at the "17 April Hospital" have more traffic accidents to handle than ever before. Along the boulevards which could not possibly be any wider, more beautiful or more French the freshly planted frangipanes are in bloom. The cocoanut trees which were planted on orders of stone age Marxist Pol Pot are slowly dying and as they do, old tamarind trees and freshly whitewashed villas from the colonial days are coming back into view. Anyone who has been away for a year or two will readily admit that Phnom Penh is once more becoming a beautiful city—the more so since the huge refuse dumps from the bad old days have also been taken away. At the Wat Phnom, which has been beautifully restored, two Buddhist monks are accepting New Year's offerings and down below there is the smell of freshly squeezed sugar cane. On our walk through the city we encountered more than six monks in one day who were a good deal younger than 50—

the minimum age allowable under the atheist government's regulations. Religious freedom has been restored and in other respects, too, socialism is showing a smiling face. The police do not disturb the beggars who have taken up their positions in front of the palace.

And although contact with foreigners—particularly with those from capitalist countries—is subject to official authorization, people come cycling up to our bicycle taxi one after the other, keeping abreast with us for a while and then turning away when they think they have spotted an informer among the other cyclists. "I want to practice my English," they will say. French, which is possibly still spoken by their parents, is passé. And what about Vietnamese? we ask. "I am a Khmer," an 18 year-old tells us curtly. He spends 130 riel a month on an English teacher—which comes to about half the salary of a public servant. His mother, who works at a "free" market and therefore makes fairly good money, pays for it. The son is dreaming about America; not about Russia and certainly not about neighboring Vietnam. The Vietnamese soldiers, who are called "youn's" or "barbarians" by the Kampucheaans as they have always been, are walking down the streets holding hands unable to make out with the native beauties because of the language barrier, if for no other reason. And as for the living standard in "liberated" Phnom Penh—they must admit it is higher by now than that of Hanoi.

On the so-called Japanese Bridge across the Mekong—which is only an impressive torso since the partisans destroyed it in 1973—the city dwellers are drying their rice. Is there a threat of hunger in Kampuchea as the most recent FAO report would seem to indicate? There are no signs of it as yet even though one cannot get enough information about the situation in the provinces because of the travel restrictions imposed on foreigners. The FAO team, headed by Indian economist Rao, estimates that there will be a 177,000-ton shortfall in rice which it would cost the Western donor countries about \$ 12 million to make up. The UN experts are right in citing the dry spell last year which started too soon as well as the disastrous floods which are likely to cut into both the rainy season harvest (between mid-April and mid-November 1983) and the dry season harvest (from November 1983 to April 1984). Minister of Agriculture Kong Sam Ol even fears there will be a 300,000-ton shortfall and points out that the FAO-stipulated minimum monthly allowance of 12 kilograms of rice per person is too small. Farmers, who make up the overwhelming majority of the population, he says, eat a great deal more rice—as much as 20 pounds per month.

Since there are more women than men, there are not enough workers for the fields. There are also not enough draft animals. The stockpiles have been used up and the harvests of complementary foods such as bananas, maize and manioc have not increased in size, the FAO experts say. But they came up with equally somber scenarios in years past and the Kampucheaans survived without difficulty every time. There is good reason for skepticism particularly since no census has been taken in many years. The FAO bases its

forecast on a population figure of 7.23 million. But the real figure may be one or two million lower. If it is, the food problem would be solved. Kampuchea cannot understand why the West is so interested in exact figures. The members of the FAO delegation and the representatives of the World Food Program were given widely divergent figures on the most recent crops in the very same province. Just how careful one must be in assessing official figures was made very clear in a research report prepared by a Finnish commission. In 1979 it was said that the genocide campaign carried out by the Pol Pot government had reduced the population from 7.25 million to 4 million people. But in 1981, the Finns were surprised to find, the population had already increased to 6.7 million. "Initially," the Finnish report concluded, "the number of victims was increased in order to convince world public opinion of Pol Pot's genocide policies and to justify the actions undertaken by Vietnam. Later, in 1981, there was no need to do so any longer because it had become customary worldwide to speak of millions of dead during the Pol Pot era. It now seemed more advisable to increase the population figures—so as to receive as much international food assistance as possible."

In view of such suspicions, the representatives of the international aid organizations stationed in Phnom Penh are not alarmed. A reliable picture will be available by July at the earliest, they say. By then, the extent of the monsoon rains will be known. From that time until September or October—which is when acute food shortages might arise—it is still enough time to sound the alarm and to provide for food shipments from abroad. The view in Phnom Penh is that the 2 May date set for a UN meeting of the donor consortium is therefore too early. Even the minister of agriculture says "the Kampucheaans will not die of hunger, if we get no aid. We will become weaker, but we will survive." He also admits that his appeal has been answered by countries such as Japan, France and Sweden but not by the communist world which has made the largest political gains in Indochina over the past several years.

Concern About Crops in Provinces

A ranking official of the Soviet embassy in Phnom Penh says that the 1983-84 harvest will not be as bountiful as during the Sihanouk era but that it will not be bad, either. "Not quite enough; but stable—no worse than last year," he says. Above all, he adds, there will be "no famine; no dramatic situation" and the Vietnamese ambassador is inclined to agree with him. The situation is serious, he says, but by no means catastrophic. There will be undernourishment—particularly among the (even under socialism) "disadvantaged groups" such as small children, the unemployed, invalids, single women, widows and older people. Among the functionaries, soldiers and civil servants no one will do without. The party will see to that.

And what is the thinking in the provinces? Yong Savath, a member of the provincial committee of Takeo south of Phnom Penh, says that the monsoon harvest was good. The peasants had enough to eat and were even able to

their excess crops to the state. Long Lanh, a member of a cooperative—a rather well-to-do man who owns two oxen—agrees. The 1983 harvest was the best ever, he says. But the situation is quite different in the north-western province of Kampong Chang. The committee member responsible calls the result there meager and does not hold out much hope for the dry season harvest, either. He not only speaks of the weather but also of rats and insects. The situation might become even more critical in one of the poorest and driest provinces, the southeastern province of Suay Rieng on the border to Vietnam. "If Phnom Penh does not send us any supplies," says Mok Sim, the deputy chairman of the provincial committee, "we will have trouble feeding our people. We do not have anything we can eat instead of rice. Our soil is as dry as bread. The only crop we can plant here is rice."

9478
CSO: 3620/271

NEW U.S.-JAPAN BEEF AGREEMENT PROMPTS EDITORIAL

Christchurch THE PRESS in English 12 Apr 84 p 20

[Editorial: "Whose Beef for Japan?"]

[Text] American success in persuading Japan to take more beef and citrus products is of considerable interest to New Zealand. Japan controls rigidly the amount of beef that it imports to protect domestic beef suppliers. The United States has persuaded Japan to take more high-quality beef, a category that usually means grain-fed beef. The United States is by far the largest supplier of grain-fed beef to Japan. What New Zealand will be watching with much interest is whether the increase in the size of the quota for high-quality beef will be at the expense of the quota for manufacturing beef, which generally means grass-fed beef. If this is the result, New Zealand exports of manufacturing beef to Japan are likely to be lower.

The largest supplier of grass-fed beef to Japan is Australia, and Australia is showing more agitation about the increased American quota than is New Zealand. Both the United States and Australia, as major suppliers, negotiate with Japan under the General Agreement on Tariffs and Trade. Australia will begin negotiating soon with Japan and Japan's intentions will be clearer then. Last year, New Zealand exported 7176 tonnes of beef to Japan, compared with 3645 tonnes in 1982, and 6148 tonnes in 1981. This volume can be set against Japan's over-all imports of beef: 123,646 tonnes in 1981, 122,694 tonnes in 1982, and 143,521 tonnes in 1983.

The smallness of New Zealand's part in Japan's beef imports is obvious. Japan sets global quotas, not quotas for individual countries, but specifies the grade of beef within the quota. New Zealand has tried, at various times, to persuade Japan to distinguish between higher-grade grass-fed beef and lower-grade beef, but has not been successful. The result of Japan's system of quotas and of calling tenders is that price is of primary relevance. The winner of the tender is usually the country with the lowest price.

New Zealand holds meetings with Japan at

regular intervals on beef and dairy supplies. The next talks may be held in May or soon after. Before then, the talks between Japan and Australia may point the way to what New Zealand can achieve. Although New Zealand is a much smaller supplier of the Japanese market than is Australia, New Zealand should leave Japan and Australia in no doubt that New Zealand shares Australia's concern that the increased quota for the United States should not be at the expense of Australia and New Zealand.

Part of the concern of the Japanese is their huge trade surplus with the United States. The United States is an immense market for Japan, and Japan does not want to see any more trade restrictions placed on imports from Japan by the United States. This constant concern will be heightened this year because it is an election year in the United States and the American trade deficit with Japan will become an election issue. New Zealand should not suffer because the Japanese may be defusing an American election issue that may react against Japan.

It is too early to say whether the new agreement is an ill wind for beef exports, but other American efforts may blow New Zealand some good. Japan has apparently agreed to take more citrus products. Orange and grapefruit juice are of particular importance to the United States. If Japan has agreed to take more fruit pulp and juice, the access will not be confined to the United States alone. New Zealand should also be able to sell more fruit pulp and juice to Japan.

In dealing with large traders, New Zealand does not have much clout. If the United States can lever Japan's markets open a little and give everyone the opportunity to sell more, this is all to the good. The United States tends to think of New Zealand as a surrogate for American policies in parts of the Pacific; it will be a pleasant change if New Zealand can think of the United States as a surrogate negotiator.

PRC RECOGNITION OF ROSS DEPENDENCY SOUGHT IN ANTARCTIC COOPERATION

Christchurch THE PRESS in English 12 Apr 84 p 20

[Editorial: "China in Antarctica"]

[Text] The enthusiasm of the Minister of Science and Technology, Dr Shearer, to have the Chinese work through New Zealand in any Antarctic programmes has continued unabated during his visit to China. Apparently, New Zealand has offered seven sites in the Ross Dependency to China as possible areas for a base. China sought advice from New Zealand and the suggestions were made some months ago. Dr Shearer has revived the offers and has been quoted as laying down certain conditions. In laying down the conditions he has raised touchy issues.

Dr Shearer is quoted as saying that a prerequisite for any agreement on a permanent base would be Chinese recognition that New Zealand had special rights in the Ross Dependency. He said that joint research agreements with the United States and West Germany contained such recognition. The issue being raised is that of territorial claims in the Antarctic. Only seven of the 16 consultative parties to the Antarctic Treaty make territorial claims there. New Zealand is one of the seven. The Antarctic Treaty freezes the question of territorial claims. The offer of sites is not a matter that New Zealand could push too far legally. In no sense does New Zealand have the power to offer to lease any area of Antarctica to China. The Chinese would have good reason to conclude that they could set up a base anywhere on the Antarctic continent and none would have the right to gainsay them.

The agreements between the United States and New Zealand, and between West Germany and New Zealand, over research in the Antarctic can be interpreted in at least two ways in respect of territorial claims. The United States makes no territorial claims in the Antarctic and recognises none. The 1958 agreement between the United States and New Zealand would not be read by the Americans as recognising any special rights accruing to New Zealand in the Ross Dependency. The agreement with West Germany, negotiated in

the late 1970s, could also be interpreted in different ways. However, it is this agreement that has been given to the Chinese as a model, and New Zealand is apparently insisting that any agreement reached with China contains at least as much recognition of New Zealand's claims to the Ross Dependency as does the agreement with West Germany.

Co-operation is the basis of almost all that is done in the Antarctic and it is heartening that China is obviously considering that, in any research it decides to do, it wants to co-operate with New Zealand. Chinese scientists have accompanied New Zealand scientists to the Antarctic during the last four years. China has acceded to the Antarctic Treaty, but has not yet become a consultative member. If an agreement is reached between New Zealand and China, it will doubtless contain some suitably-worded recognition (or non-recognition) of New Zealand's claim. Dr Shearer is taking something of a risk in asserting that these agreements contain recognition of New Zealand's special rights in the Ross Dependency.

The sites suggested to the Chinese will doubtless be appropriate for scientific work and their selection could be accepted as a co-operative gesture based on New Zealand's acquaintance with the region, rather than on any sense of possession. New Zealand should be careful not to get into an international argument over proprietorship. Whatever changes are made in the control, management, and activity in Antarctica, the clock will not be turned back to the days in which territorial claims had so much as casual international recognition. Trying to sustain token recognition of territorial claims among some countries, or ambiguous agreements that can not matter in the end or be enforced in any way, must be a waste of time. The process is equally likely to arouse objections from countries that have no direct interest in Antarctica.

SUSTAINED ECONOMIC GROWTH SEEN FOR 1985

Auckland THE NEW ZEALAND HERALD in English 10 Apr 84 Sec 3 p 1

[Text]

Sustained economic growth in New Zealand next year remains a "distinct possibility" according to the first 1984 *Pacific Survey* of Phillips and Drew, a major London stockbroking firm.

The prospects for 1985 are highly dependent on the election result, Pacific Survey says. But "if overheating can be avoided" this year such that policy adjustments after the election can be limited, then the growth was possible.

Pacific Survey says the Government is expected to announce a neutral budget in July with the deficit remaining close to \$3 billion.

"This factor along with evidence that private investment could be recovering later in the year raises the prospect of crowding-out in the capital markets," it adds.

"It would appear that whichever party wins the election, it will be under substantial pressure to either relax monetary guidelines, with the attendant risk of rekindling inflation, or allowing interest rates to float up, jeopardising growth prospects."

In the absence of any wage cost pressure, a rapid

deterioration in inflation may be avoided in 1984, says the survey. Thereafter rapid economic growth and a strong upturn in corporate profits would suggest the pressure on wages could intensify and "we would expect inflation to move back towards 8 per cent."

A rise in consumer credit and retail sales suggests consumer spending is recovering, says the survey, and may be further boosted by an increase in employment during the year.

Business confidence has undoubtedly risen since the turn of the year with a subsequent improvement in the investment outlook. Nevertheless this may only be sufficient to offset a decline in public capital formation as think-big project spending peaks.

With the outlook for exports still buoyant the survey expects real gross domestic product growth of 2.5 per cent in 1984-85.

LABOR PARTY FORESEES 6 YEARS TO TURN AROUND UNEMPLOYMENT

Wellington THE EVENING POST in English 13 Apr 84 p 7

[Text]

It would take a Labour government at least six years to achieve a significant turnaround in unemployment, says the party's spokesman on employment, Mr Peter Neilson.

This is the first time that the Labour Party has indicated how long its employment policies would take to implement.

But Mr Neilson did not agree with comments by the executive director of the Employers' Federation, Mr Jim Rowe, that people could not rely on employment to rise automatically as the economy recovered from its decade of recession.

Mr Rowe said at a federation conference in Wellington this week that unemployment might well persist even when business was in a satisfactory state.

His comments were seen as pessimistic by Government and Opposition MPs. National and Labour are both still committed to achieving full employment.

Mr Neilson said the economy needed a growth rate of at least 3 percent a year just to hold unemployment at present levels.

In the past eight years, growth had only averaged about 1 percent a year, he said.

Labour would seek a growth rate

of more than 3 percent, but this would take some time to achieve.

"We want to get growth going fast enough to hold, and then reduce unemployment," he said.

Mr Neilson said economic growth was still the best indicator of employment trends.

The Minister of Labour, Mr Bolger, said he did not necessarily agree with what Mr Rowe said.

"As we are starting to see an upsurge in economic growth, we're certainly seeing a growth in employment," he said.

"As I said in my address to the conference, we'd have that very big growth in additional jobs between September and November last year, a growth at a rate of 84,000 a year, 16,000 in the quarter. And that trend is continuing," Mr Bolger said.

The Opposition's spokesman on Labour, Mr Eddie Isbey, said Mr Rowe was being defeatist.

"I can accept that Mr Rowe believes under existing policies, unemployment will become endemic and chronic, because of the think-big projects which have not generated the jobs that they should have with the expenditure involved in them.

"Our policies are totally different insofar as we want to generate labour-intensive industries and the provision of jobs," Mr Isbey said.

CSO: 4200/712

CER PROMOTES GREATER TRADE; CONTINUED IMPROVEMENTS SEEN

Auckland THE NEW ZEALAND HERALD in English 13 Apr 84 p 20

[Text] Sydney--The closer economic relationship agreement between Australia and New Zealand, introduced in January last year, already appears to be paying dividends for both countries.

Trade between the two partners has risen, with industry and Government sources predicting continued improvements as barriers are gradually reduced.

Australian exports to New Zealand in the first seven months of 1983-84 totalled \$A833 million (\$1152 million), with Australian trade officials predicting that exports for the whole year will easily exceed the \$A1156 million (\$1598 million) exported in the 12 months of 1982-83.

During the same seven-month period, New Zealand imports were up to \$A499 million (\$690 million), with the trade officials again predicting a healthy increase on the \$A694 million (\$959 million) worth of New Zealand goods imported in the 1982-83 financial year.

Working

While it is difficult to determine how much of the increase is a result of the upturn in the economy, officials from both sides of the Tasman believe that the new agreement has had positive effects on the flow of trade.

The New Zealand consul-general and senior trade commissioner, Mr Alastair

Bisley, said the agreement was "working very well indeed."

"An important aspect of CER is that it is not only a progressive trade liberalisation programme but also a dynamic arrangement that provides room to develop in the future," he said.

"By reducing trade barriers and increasing competitiveness and efficiency across the Tasman, both countries will become more competitive on the international market."

Even the Confederation of Australian Industry, which was a major obstacle in the signing of the agreement, now believes that industry in both countries will benefit from the new arrangements.

The confederation originally argued that New Zealand manufacturers were being favoured in the agreement.

Expansion

But the executive officer of the Australia New Zealand Business Council, Mr Richard Dowe, said that although the CER agreement still contained some inequities, it was far superior to the old New Zealand/Australia Free Trade Agreement.

"The new agreement has been very successful so far and can only benefit both countries, because it is an expansion of the market for everyone," he said.

"The best aspects are the automatic provisions. Each year, tariffs are reduced by 5 per cent, so if an Australian company can get a foothold in New Zealand, it will find its export margins increasing each year."

Mr Dowe said New Zealand companies stood to benefit more from CER because they were gaining access to a much bigger market than Australian companies.

Some Australian companies had found it advantageous to establish or to expand operations in New Zealand to make use of lower production costs, he said, and this trend would increase with companies on both sides of the Tasman.

Consumer

However, one Australian trade official dealing with CER said that, while on a population basis, New Zealand would gain access to a larger market, this was balanced by the potential of

Australian companies to benefit from the removal of much higher protection levels in New Zealand.

"There was negligible protection of Australian industry against New Zealand companies before CER while New Zealand industry was relatively heavily protected by tariffs and restrictive import licensing, so from that point of view Australian companies had more to gain," he said.

By far the largest increase in trade has occurred in manufacturing, particularly consumer goods.

While there were worries within the Australian rural sector before the signing over New Zealand farm

goods' flooding the market, trade prospects between two large and efficient rural exports has proved limited.

In addition, separate agreements were reached between industries, such as the dairy industry, to work with rather than against each other.

Dismissed

Trade officials dismissed claims by the Sheepmeat Council of Australia that New Zealand was abusing the CER agreement by "dumping" subsidised mutton on the Australian market.

"There are safety valves built into the agreement, such as countervailing duties," said one official.

New Zealand's generous performance-based export incentives are to be phased out by 1987, with the first stage to take place at the end of this year, when they will be reduced by 50 per cent.

Trade officials say the incidence of dumping charges will fall dramatically after this.

The CER concept encompasses wider issues affecting economic links and looks to future relations in areas such as standards, taxation and foreign investment.

These, and other matters, will be considered by the two Governments in a review of the agreement in 1988.

CSO: 4200/712

JOINT BODY CREATED FOR PACIFIC BASIN TRADE

Auckland THE NEW ZEALAND HERALD in English 24 Apr 84 p 1

[Text]

A new joint secretariat has been formed to handle New Zealand's growing trade with the Pacific basin.

During the past two decades New Zealand has followed an international trend towards the formation of business councils to advise and seek out trade and business deals with foreign countries.

The international division of the New Zealand Chambers of Commerce used to handle the secretariat work of most of the councils but now an independent secretariat has been formed at Wellington to look after the interests of the three big councils with Pacific dealings.

The Pacific Basin Economic Council, Japan-New Zealand Business Council and the Korea-New Zealand Business Council will now share a new separate secretariat which will be independent of the chambers of commerce.

The former director of the chambers' international division, Mrs Esme Marris, will head the new secretariat.

Much of the secretariat's work is organising annual conferences and handling trade missions or special interest groups lobbying for matters like greater market access or investment in certain projects.

The councils also play an important advisory role to the Government on trade

matters.

The same system is well used by New Zealand's main Pacific trading partners through their sections of the same organisations.

The chairman of the Japan-New Zealand Business Council, Mr Barrie Downey, said the councils had proved extremely valuable in generating new trade and investment opportunities and enhancing business relationships.

★ ★ ★
Lack of shipping and finance are major constraints against the formation of a South Pacific bulk-buying co-operative.

Island nations have been examining the possibilities of forming a co-operative as a means of reducing their import bills.

A Swedish expert with the International Labour Organisation, Mr Rolf Akerby, who has been working on the concept for the Islands, said lack of shipping and finance appeared to be the major constraints at present.

★ ★ ★
The University of the South Pacific has received a \$700,000 boost to its funds from Australia.

The Australian Government has increased its funding to the university to \$2.5 million for the 1983-84 year.

More than 40 per cent of the funds will be available to attract Australian academics to the university's staff. The university at present employs about 30 Australians.

A further \$225,000 worth of Australian assistance is being offered under the Australian Universities International Development Programme to help to provide academic services from Australian teaching institutions.

★ ★ ★
The largest transport study yet undertaken in the South Pacific is now underway and due for completion by the end of the year.

The study is being jointly funded by New Zealand and the United Nations Development Project for the South Pacific Bureau for Economic Co-operation.

Two London-based consulting firms have been appointed to conduct it and they will examine both the aviation and shipping needs of the region.

★ ★ ★
The defence needs of the South Pacific will come under the spotlight at a conference in Canberra next month.

The conference is being arranged by the Centre for Strategic and Defence Studies at the Australian

National University in Canberra and it will be attended by the New Zealand Secretary of Defence, Mr Denis McLean, and assistant secretary of defence staff, Dr John Barnes.

The Australian Minister for Defence, Mr Scholes, and other high-ranking Australian defence and foreign affairs officials will also attend.

Nuclear issues, particularly the nuclear-free Pacific concept, are likely to get a thorough airing.

The conference will run from May 10 to 11.

★ ★ ★

A \$100 million telecommunications project for the South Pacific will start shortly now that its first programme controller has taken up his post at Suva.

An Australian, Mr Jim Wilkinson, will set the plan in motion by first examining the scope for establishing domestic satellite communications around the Islands and the practicalities of expanding existing radio and cable links.

The project is a joint effort sponsored by the South Pacific Forum nations and it has been given an initial budget of \$300,000 from Australia and \$250,000 from New Zealand.

A long-term possibility could be the establishment of television broadcasts in the region.

CSO: 4200/712

PEACE, ANTINUCLEAR GROUPS SEEK ANZUS ALTERNATIVE

Wellington THE EVENING POST in English 16 Apr 84 p 10

[Text]

"Anzap" could be the word on everyone's lips at the Beyond Anzus Conference — a major gathering of anti-nuclear and peace groups in the old Wellington Town Hall in June.

Not some flashy new milk product, but an alliance of Australia, New Zealand, and other Pacific countries, which peace campaigner and conference organiser, Mr Owen Wilkes, believes would serve the South Pacific's interests better than the Anzus military agreement between Australia, New Zealand, and the United States.

Anzap is a concept which will examine the aims of Anzus, its impact on the South Pacific, the obligations it places on New Zealand and Australia, and alternatives to the agreement, says Mr Wilkes.

A policy of non-alignment, or the signing of pacts between New Zealand and its neighbours would be preferable to Anzus, which he believes serves America's purposes before those of Australia and this country.

Mr Wilkes told the "Post" that the conference was being organised because of widespread public concern over the Anzus issue and the threat of nuclear war, 1984 being an elec-

tion year, and Mr Wilkes' belief that the Anzus Council, comprising the Australian and New Zealand foreign ministers and the American secretary of state, will hold its annual meeting in Wellington this year.

"There won't be remits at the conference, or official policy statements emerging, but we will be making it known what our attitudes are."

Elections

The conference would raise the Anzus issue fairly close to the elections, said Mr Wilkes, who added that only the National Party strongly favoured keeping the Anzus status quo.

Conference speakers are expected to arrive from the United States, Australia, Central America, the Philippines, Fiji, and Vanuatu.

Included on a provisional list are Mr Bill Arkin, an ex-serviceman, working for the American Centre for Defence Information; Mr Joe Camilleri, an Australian expert on that country's relationships with the United States; Mr Wilkes; and the noted political activist and Mayor of Waitemata, Mr Tim Shadbolt.

The address by Mr Shadbolt would revolve around the theme of New Zealand needing "national

assertiveness," said Mr Wilkes.

"That's the whole thing behind the conference — New Zealand and Australia have got to shake off this dependency on, and submissiveness to the United States."

He discounted claims last week by the American Commander-in-Chief of the Pacific, Admiral William Crowe, in Wellington, that there was a growing Soviet military presence in the South Pacific and that Anzus was needed to deter it.

"The Soviet Union does not have the capability to attack us (New Zealand) — its Pacific fleet only has 10 landing vessels — at present no one can attack us except Australia and the United States."

And while Mr Wilkes agreed that the US could "make it economically difficult" for New Zealand if we decided to withdraw from Anzus, the country could weather it.

"I figure that if we can trade with the Soviet Union with our present political differences then we should be able to trade with the US if we become non-aligned.

"There are much smaller nations than us which display very independent attitudes and survive — Vanuatu and Southern Ireland — both with less military expenditure than us," said Mr Wilkes.

CSO: 4200/712

RECRUITMENT, CAPTURE, DISENCHANTMENT OF 2 NPA 'AMAZONS' REPORTED

Davao City THE MINDANAO DAILY MIRROR in English 14 Apr 84 pp 1, 10

[Text]

TAGUM, Davao — Two rebel amazons, showing signs of complete recovery from battleshock, will be released to their parents anytime next week.

Col. Teodoro R. Facelo, Task Group Panther commander, bared today that "everything is ready for the release of Susan Lastra and Lita Sucnaan except the livelihood projects to keep them out of trouble."

Lastra and Sucnaan were captured when Scout Rangers blitzed a communist camp in sitio Macuaao, barangay Concepcion, Maco last March 7.

To help them shed off battleshock faster, both amazons were quartered in a room usually reserved for Brig. Gen. Jaime C. Echeverria, commanding general of the Regional Unified Command (RUC). Lastra and Sucnaan were also allowed to move freely within the headquarter compound of task group Panther.

Susan Lastra said she joined the communists early last year to claim her vengeance on abusive soldiers. Her parents' store in Trento, Agusan del Sur went bankrupt because of "soldiers who drank all our liquor and paid nothing," she claimed. The store was her only ticket to college.

Lita Sucnaan learned cruelty early in life. At 14, she slaved for a bakery owner in Mawab, her hometown. Lita related that she woked up at 3 in the morning and worked till midnight for P70 a month. She was an easy prey for Kumander Janet, whom Lita first met as a co-laborer at the bakery. Lita was promised a rifle of her own and the chance to get even with her oppressors. Lita regretted having taken the bait.

"Kumander Janet deceived me. All I ever had in my hands were heaps of dirty clothes to wash in nearby creks," Lita revealed.

Both spoke of shiftless lives in the mountains, uncertain of the next meal, fighting the cold and mosquitoes.

Col. Facelo, who shared with Susan a passion for agriculture, said she is pinning her future on hog-raising: "Just right for a graduate of the Davao National Agricultural School." To start her off, Facelo has promised her a number of piglets.

Lita Sucnaan meanwhile is setting her sights on a small store to serve the cluster of houses at Km. 70 in Mawab.

Both Susan and Lita have vowed to turn their backs on the New People's Army forever.

KEY INDUSTRIES POST 1 PERCENT EMPLOYMENT RISE IN FEBRUARY

Manila PHILIPPINES DAILY EXPRESS in English 17 Apr 84 p 18

[Text] A JOINT government private business survey reported that the 21 key local industries managed to increase employment by one percent last February.

A Ministry of Trade and Industry (MTI) Philippine Chamber of Commerce and Industry (PCCI) survey showed that employment in the 21 key industries reached 306,960 last February from 302,923 in February 1983.

These industries are: agro-based, automotive, cement, chemicals and petrochemicals, construction materials, consumer durables, consumer non-durables, electronics (semi-conductors), engineering and metal-working; food processing, footwear, leather and leatherwear, furniture and wood-based, garments, iron and steel, marine, mining and smelting, packaging materials, pharmaceuticals, plastic-based, pulp and paper, and textile.

THE joint MTI-PCCI survey showed that increased jobs in eight industries more than made up for the decline in employment in 13 other industries.

The industries that managed to raise employment were: chemicals and petrochemicals, construction materials, electronics, footwear, leather and leatherwear, furniture and wood-based, garments, pulp and paper, and textile.

The electronics industry posted the biggest increase in employment with 27 percent. Its number of employes rose to 37,872 last February from 29,857 in February 1983.

The garments industry back-stopped electronics by registering the second biggest employment gain of 16 percent, from 38,192 employes in February 1983 to 44,359 employes in February.

CSO: 4200/711

GOVERNMENT SUSPENDS IRANIAN STUDENT ENTRIES

Manila BULLETIN TODAY in English 26 Apr 84 p 24

[Article by Beng Ansula]

[Text]

The government has suspended the entry of Iranians desiring to study here as a result of the violent activities of Iranian students enrolled in the country's universities and colleges.

This was disclosed yesterday by sources at the Ministry of Foreign Affairs and the Commission on Immigration and Deportation (CID) who said, however, that this was not the official policy of the government as no formal order was issued by higher authorities.

"But we simply deny all applications," said a ranking MFA official who also revealed that the sanction has been imposed since 1982.

The move, according to the government official, was made after the Iranians now enrolled in local schools repeatedly ignored the government's appeal to desist from involving themselves in activities related to issues of political concerns of Iran.

The official said that it has been observed that some Iranian students are more interested in

waging political campaigns rather than attend and concentrate in their studies to maintain their status as students.

The official also said that the Iranians have now transformed the country into a "battle ground" between pro and anti-Khomeini groups.

"It would appear that the factions were merely transported in the Philippines to use it as their venue where they could ventilate their political pursuits," the official said.

"In engaging in such adverse activities, the Iranian students are providing more proof against themselves that they are responsible in as much as a blatant violation of the conditions of their stay in the country," the official added.

Reports from the intelligence community also show that up to the present members of the two factions are still engaged in hatching up plots and counter plots against their fellow Iranians.

PHILIPPINES

EDITORIAL REVIEWS VER'S AGRAVA BOARD TESTIMONY

Manila BULLETIN TODAY in English 26 Apr 84 p 6

[Editorial: "Ver's Testimony"]

[Text] THE Agrava board had the satisfaction of hearing the testimony of Gen. Fabian C. Ver. The Chief of Staff of the Armed Forces was examined by the board for a total of 14 hours in three appearances.

He maintained the view that the assassination of the late Sen. Benigno Aquino, Jr., was the product of a communist conspiracy. This is a view that is not shared by all, if we are to recall previous board proceedings. But General Ver said the Armed Forces would abide by whatever conclusion the board would form even if this should mean the prosecution of military personnel.

That is a significant statement.

In the course of his testimony, General Ver affirmed the supremacy of civilian authority. His reassurance came at an opportune time, since there are citizens who have expressed apprehension over the role of the military in recent years.

Before the general appeared before the board, there were observers who expected a charged atmosphere at the hearings. But General Ver appeared as his natural self, genial, relaxed, and cooperative.

His testimony was just a piece in a mounting pile of evidence. His statements were significant because they came from the most important military figure in the country.

CSO: 4200/711

PHILIPPINES

AGRICULTURE MINISTRY BLAMED FOR LOCUST SPREAD

Manila BULLETIN TODAY in English 27 Apr 84 p 15

[Article by Roy C. Sinfuego]

[Text] COTABATO CITY--Agricultural crops in Central Mindanao region are facing destruction if the massive locust infestation is not controlled.

The infestation has reportedly destroyed more than 200 hectares of agricultural lands in at least six municipalities in North Cotabato, Sultan Kudarat, and Maguindanao.

Barangay officials said the spread of locust attack was caused by the failure of the Ministry of Agriculture to transport to its regional offices on time the much-needed pesticide, Aldras-2, reportedly the most effective in controlling locust infestation.

An acute shortage of field locust scouters and inadequate chemical, vehicles, and logistical support were other problems cited.

Sources said only 29 locust scouters are doing field work in the three provinces. Due to lack of chemicals to spray to kill the locusts, the locust scouters and farmers have resorted to catching locusts with their hands.

The locust scouters need at least 160 liters of chemicals and insecticides.

A report said MAR started its locust extermination drive in May, 1983.

CSO: 4200/711

PHILIPPINES

RADIO COMMENTARY ON HEEDING MARCOS' WARNING ON SUBVERSIVES

HK050131 Manila Far East Broadcasting Company in English 2330 GMT 4 May 84

[Station commentary]

[Text] The recent warning by President Marcos against flirting with the communists and the subversives should be heeded. The president gave the warning not just to induce sectors opposed to the government to the side of the administration. The warning was based on the experience of many people in other countries now under the heel of communism. People in these nations actually discovered they were flirting with their own destruction when they allied themselves to the communists. This was the fate of many people in Central American countries, in Indochina, and in many others.

The president, who is an ardent student of history, knows that communists ask for concessions but give no quarters in return. That is why the president warned that the government will use all the powers of its armed forces against the subversives if they persist in their violent tactics to subvert the elections and the will of the people. However, the door of reconciliation will be kept open for those who still value peaceful progress. This should leave no doubt as to the determination of the government to uphold its responsibility to safeguard the country. The terrorists understand no other language. A democratic government based on Christian principles allows dissent, but not destruction.

CSO: 4200/724

PHILIPPINES

BRIEFS

SAMAR, LEYTE 'UNDER CONTROL'--Regional unified Region 8 Commander Salvador Nison said that the overall situation in the Samar-Leyte area is normal. According to him, the NPA is no longer a serious threat although they have encounters with the rebels every now and then. Nison said the situation in the two Samar and two Leyte Provinces is under control. [Text] [HK030904 Quezon City Maharlika Broadcasting System in English 0800 GMT 3 May 84]

COMMUNISTS KILL ZAMBOANGA CIVILIANS--Zamboanga del Sur, the Philippines, 4 May (AFP)--Twelve civilians were killed and four others wounded when suspected communist rebels raided a benefit dance in a village of this southern province, a top military official said today. Brigadier General Edgardo Alfabeto, regional constabulary commander, told reporters the attack occurred early yesterday afternoon in Kalilangan village in San Pablo town located 750 kilometers (466 miles) from Manila. The gunmen, believed to be members of the communist New People's Army (NPA), broke into a dance hall and fired their guns indiscriminately at the people celebrating the town festival, according to General Alfabeto. The general said he directed the provincial constabulary command to dispatch a strike force to track down the attackers. [Text] [OW041605 Hong Kong AFP in English 1550 GMT 4 May 84]

HUNT FOR NPA GUERRILLAS--A manhunt is on for the leaders of an urban guerrilla terrorist group out to terrorize voters in Metro Manila during the 14 May Batasan elections. The manhunt was launched by the military following the discovery of an underground house of the New People's Army in Kupang, Antipolo, Rizal. Dynamite sticks and other explosives were among the items uncovered in a raid conducted on the NPA underground house by government agents. Also found were subversive documents, two revolvers, and a teargas cannister in the underground house where time bombs were reportedly made for the elections. At least three terrorist leaders, including a certain Commander Alan, escaped during the raid. [Text] [HK030902 Quezon City Maharlika Broadcasting System in English 0800 GMT 3 May 84]

TEACHERS PAY RAISE--The government has taken steps to augment the salaries of deserving public school teachers and increase the benefits of SSS [Social Security System] pensioners. However, the planned salary hikes should be within the budgetary capability of the national government. In a letter of instructions, the president ordered the adoption of special compensation measures for school teachers. Among these measures are the increase in the number of slots in the master program, the adjustment and compensation for superintendents and assistant superintendents, and a merit increase for deserving government employees. Meanwhile, the president has also approved a 15 percent across the board increase in the monthly retirement pension of all SSS death, disability, and retirement pensioners effective 1 June this year. The increase will benefit some 144,000 SSS pensioners and over 200,000 dependents. [Text] [OW031422 Quezon City RPN Television Network in English 1100 GMT 3 May 84]

CSO: 4200/724

MILITARY AFFAIRS AND PUBLIC SECURITY

BRIEFS

BUDDHIST LEADER REPORTED DEAD--It was learned in Paris that several leaders of the Buddhist community of Ho Chi Minh City (formerly Saigon) may have been arrested in early April, and that one of them may be dead. According to the Peace delegation of the Vietnam Unified Buddhist Church, the Venerable Thich Tri Thu, the president of the pro-government Buddhist organization Giao Hoi Phat Giao Vietnam, was held by police for a few hours on 2 April. Following his return to the temple, it was reported that the Venerable Thich Tri Thu was unable to speak and his face turned crimson. He died a few moments later. The delegation puts the blame on the brutal repressive policy of the government for the death of Thich Tri Thu and the detention of 12 monks, of whom 4 were in the process of compiling a Vietnamese Buddhist Encyclopedia. If the death of Thich Tri Thu under such circumstances was confirmed, it would indicate a hardening of Hanoi's attitude toward the Buddhist community. In fact, following the Communists' victory in 1975, this monk had taken position in favor of a cooperation between the Buddhists and the new regime. [Text] [Paris LE MONDE in French 20 Apr 84 p 4]

CSO: 4219/39

INTERNATIONAL RELATIONS, TRADE AND AID

CEMA AID, VIETNAMESE ECONOMIC TASKS DISCUSSED BY DAU NGOC XUAN

Moscow EKONOMICHESKOYE SOTRUDNICHESTVO STRAN-CHLENOV SEV in Russian No 2, Feb 84 (signed to press 9 Feb 84) pp 2-5

[Article by Dau Ngoc Xuan, deputy chairman of the Socialist Republic of Vietnam's Gosplan: "Improving Economic Ties"]

[Text] The Treaty of Friendship and Cooperation between the Socialist Republic of Vietnam and the Union of Soviet Socialist Republics, whose fifth anniversary was recently solemnly celebrated, opened up a new stage in the all-round, firm and long-term cooperation between both countries based on Marxism-Leninism and socialist internationalism. It is difficult to overestimate the significance of this event and its efficacious effect. Our treaty is responsive to the sacred aspirations of the peoples of Vietnam and the Soviet Union and is making a contribution to the strengthening of the socialist commonwealth's might, having demonstrated the undoubted advantages of socialist economic integration.

The Communist Party of Vietnam is guided by the well known Leninist proposition that backward countries can move with the help of the proletariat in advanced countries to a Soviet system and bypass certain stages of development -- to communism, avoiding the capitalist stage of development. In this connection, the party thinks that at the present time when the world socialist system, whose bulwark is the Soviet Union, has become an international commonwealth which has economic, scientific and technical power at its disposal and when world capitalism -- in intensifying its unsolvable contradictions -- is revealing its true face to the workers, the socialist revolution was also an historical inevitability for Vietnam, with its primarily small-scale and handicraft production, immediately after the completion of the national liberation mission.

The victory of socialism in Vietnam represents a real opportunity despite the difficulties which are being experienced by us and which are connected with the transition period. At the same time, the Communist Party of Vietnam thinks that the country's new modern socialist economy should be developed on the basis of a political policy which is aimed, on the one hand, at the creation of an efficient economic structure (both throughout the country and in each territorial unit) that permits the maximum use to be made of labor and material resources; and, on the other hand, at the involvement of material

resources and the use of the world's scientific and technical progress achievements by further expanding international cooperation, especially with the USSR and the other countries of the socialist commonwealth.

Comrade Le Duan, general secretary of the Vietnamese Communist Party Central Committee, has pointed out that "the expansion of foreign economic ties, primarily and mainly with the USSR and the Council for Economic Mutual Assistance, should be a component part of the strategy and a very important strong point for advancing our country's economy to large-scale modern production".

Being a reliable member of the socialist commonwealth during past years, especially after the signing of the Treaty of Friendship and Cooperation between the Socialist Republic of Vietnam and the USSR, and proceeding from the concrete conditions, political tasks and economic requirements of the transitional period to socialism in our country, the Socialist Republic of Vietnam has consistently moved along the path of constructing a new economy, participating in the international socialist division of labor and socialist economic integration with the USSR and the other CEMA member countries. This is confirmed by the results of the coordination of the 1981-1985 national economic plans between the Socialist Republic of Vietnam and the other fraternal countries.

More than 100 projects in the main branches of the Socialist Republic of Vietnam's national economy: energy; machine building; nonferrous metallurgy; the chemical, light and oil and gas branches of industry; agriculture; transportation; and the infrastructure, are being built with the technical assistance of the USSR and the other countries of the socialist commonwealth. These projects will be an important base for the Socialist Republic of Vietnam's new economy. After their completion, the production capacities of a number of branches in the national economy will not only be significantly increased but this will also exert an active influence on the formation of the new economic structure by eliminating the weak points in Vietnam's economy and contributing to the appearance of important industrial centers and large specialized agricultural rayons. Thus, the process of a new social division of labor and the subsequent development of the country's production forces will be begun.

Trade between the Socialist Republic of Vietnam and the USSR and the other CEMA member countries is steadily increasing. Trade with the USSR continuously occupies first place in the Socialist Republic of Vietnam's foreign trade. During 1981-1985, its overall volume increased 1.8-fold when compared with the last five-year plan. The percentage of the USSR in Vietnamese exports is 50 percent. In turn, the USSR delivers fuel, major equipment and materials to the Socialist Republic of Vietnam. As a result of this, a significant portion of our requirements for the material resources to construct socialism, protect the motherland, develop the national economy, and stabilize the population's standard of living is being satisfied. The percentage of these deliveries occupies the greatest proportion in the Socialist Republic of Vietnam's imports. Among them are such important items as rolled ferrous metal, petroleum products, nitrogen fertilizer, machine tools, and transportation systems which form 80-100 percent of the total imports of the mentioned goods.

Along with economic cooperation, scientific and technical cooperation is being carried out. This represents a special feature of the cooperation between the Socialist Republic of Vietnam and the other CEMA member countries. By participating in the study and solution of the many scientific and technical problems which are arising in Vietnam's economic practices and by sending to the Socialist Republic of Vietnam scientific and technical documents, design and engineering developments and licenses, the fraternal countries have contributed to raising in a short time the Socialist Republic of Vietnam's scientific and technical level and to accelerating the development rates of its national economy.

The help, which has been provided by the USSR and the other CEMA member countries in training tens of thousands of scientific, technical and management workers and skilled workers for the various branches of the Socialist Republic of Vietnam's economy, is no less an important area of cooperation. Many famous scientists and the best industrial and agricultural workers in today's Vietnam have studied in the USSR and the other countries of the socialist commonwealth. Here, they have mastered scientific and technical knowledge and the theory and practices of directing and managing a socialist economy, and they have been reared in a spirit of internationalism. Together with the hundreds of thousands of specialists that have been trained in the country, they represent Vietnam's new intelligentsia and our national property without which there would be no successes in economic construction and in the development of science and technology.

It is impossible not to touch upon another very important area. This is the credit and financial relations between the Socialist Republic of Vietnam and the other fraternal countries. By offering various long-range credits at advantageous conditions or by providing free assistance, the CEMA member countries, especially the USSR, have provided a comparatively large portion of the assets for defraying the expenses which are connected with the construction of projects and the purchasing of machinery, equipment and material. In a certain sense, this help can be considered "the primary accumulation source" for the socialist industrialization of Vietnam.

The large successes, which have been achieved in international cooperation, in no way permit complacency. On the contrary, the ever growing volume of cooperation and the increase in its effectiveness require continuous improvement in the forms of cooperation, the extension of production specialization and cooperation, and ever more active participation in the international socialist division of labor.

The need to pay special attention to economic efficiency and the rational use of credits and free assistance, to achieve the best use of the help that is being offered by the Soviet Union and the other fraternal countries, to achieve the complete fulfillment of our duties, to achieve international trust, and to struggle decisively against parasitical attitudes with respect to foreign aid, was emphasized in the political report of the Vietnamese Communist Party Central Committee to the 5th party congress.

In order to implement the party's instructions, it is necessary to define clearly and to solve a number of urgent problems.

As a member of the fraternal commonwealth, Vietnam will be able to construct a new and modern socialist economy only with the simultaneous fulfillment of two conditions: the creation of an efficient economic structure and a scientifically based management mechanism for the maximum mobilization and effective use of natural and labor resources and production and scientific and technical capabilities, and also with the expansion in every way possible of the country's participation in the international socialist division of labor.

Both aspects of this main economic activity are dialectically and integrally connected with each other and continuously influence each other. In this respect, the maximum mobilization of our own efforts and the effective use of internal potential capabilities based on an effective economic structure play a decisive role. The more fully internal capabilities are used, the more are opportunities created for further expanding participation in the international division of labor and the more effective is cooperation.

The carrying out of international cooperation in accordance with the principle of mutual benefits is aimed at creating additional conditions for implementing Vietnam's socialist industrialization as "the key task in the entire transitional period to socialism". Thus, national interests will be harmoniously tied to the interests of our foreign friends, and the national economy will be continuously strengthened along with the growth in the might of the entire socialist commonwealth. In the final analysis, the economic, scientific and technical preconditions for strengthening the Socialist Republic of Vietnam's bonds with the other CEMA member countries will be rooted in the consistent expansion of Vietnam's national economy itself.

What are the actual capabilities for Vietnam's contribution to the international socialist division of labor and to cooperation? Vietnam is a country rich in labor resources. It is a tropical agricultural country with millions of hectares of land suitable for cultivating such valuable crops as peanuts, castor-oil plants, soy beans, coconut trees, oil-bearing palm trees, cashews, etc.; there are more than 0.5 million hectares of land where it is possible to cultivate natural rubber and approximately one million hectares of land on which it is possible to grow coffee, tobacco, tea, jute, vegetables, and fruit. In addition, it is a country which has valuable minerals.

The maximum use of all these riches would permit a significant amount of products to be exported which would satisfy a certain part of the fraternal countries' requirements for several important types of goods. The government of the Socialist Republic of Vietnam is earmarking capital investments, labor resources and personnel in order to gradually convert these potentialities into reality.

The accelerated expansion of economic, scientific and technical ties between the Socialist Republic of Vietnam and the other fraternal countries requires the flexible use of such multifaceted forms of cooperation as the coordination of national economic plans, agreement on economic policy, the allocation of

various credits, the exchange of goods, the organizing of bilateral and multi-lateral cooperation, the establishment of direct ties between enterprises and organizations, etc. The use of these forms depends on the specific area of cooperation with a consideration for actual economic conditions; however, it is directed toward the extension and expansion of ties, the establishment of mutual trust between brothers-in-spirit, the achievement of the highest effectiveness in cooperation, the obtaining of equal and mutual benefits for all cooperating parties, and the elimination of the negative influences of the world situation.

The increasing of exports in every possible way is an important strategic task that has a long-term and urgent nature. When planning the national economy, a portion of the labor, land and material resources must be allocated for the production of export products, and capital investments must be concentrated in the required manner on accelerating the production of a large amount of goods that correspond in quality and variety to the requirements of foreign market consumers. The amount of exports must be gradually brought into compliance with the volume of required imports. This will contribute to the repayment of debts and to the creation of domestic accumulation reserves for socialist industrialization.

A large and pressing task in the expansion of international cooperation is the increase of its economic effectiveness. In this manner, it will be possible to observe the principle of mutual benefit and of strict fulfillment of international obligations. In solving this task, it is necessary to proceed not only from requirements but also from the actual potentialities of the economy when determining on a scientific basis the volume and forms of cooperation and the periods for implementing measures.

The obtaining of an economic effect is possible when the cooperation project is constructed completely and in accordance with the schedule, when it is equipped with new equipment, and when the social and economic conditions and infrastructure for its future functioning have been created. The achievement of economic efficiency in international cooperation also requires the maximum mobilization of our own production capacities, the refusal to import products whose production can be organized within the country, and the full use of the scientific potential -- scientific and technical personnel and skilled workers. Based on this, the improvement of the national economy's production and management organization, the strengthening of labor discipline and strict savings in material resources will be required measures.

The deepening and expansion of the Socialist Republic of Vietnam's participation in the international socialist division of labor and in cooperation with the CEMA member countries are also defining new directions in our planning activity. It is known that the coordination of national economic plans is one of the main methods for the planned development of economic, scientific and technical ties between fraternal countries. As a CEMA member, Vietnam participated for the first time in coordinating the 1976-1980 and 1981-1985 five-year national economic plans. This contributed to the development of the Vietnamese economy, brought experience in practical work, and created favorable

conditions for the Socialist Republic of Vietnam's participation in the work of CEMA, including consultations on coordinating the 1986-1990 five-year national economic plans.

In order to fulfill the social and economic tasks that were defined by the 5th Vietnamese Communist Party Congress for the first stage of the transitional period to socialism (the Eighties), the concentration of efforts on solving the following main problems is stipulated in the Socialist Republic of Vietnam's social and economic development plans for the coming years.

In the area of agriculture -- the establishment and strengthening of new production relations, gradual movement along the path of large-scale production in accordance with an integrated agro-industrial program, fuller and more effective use of labor and land resources in order to satisfy public requirements for food products, and the establishment of significant sources of exports by using millions of hectares of land for growing industrial crops.

The processing branches and the fuel, power, machine-building, and chemical industries, which basically service agriculture, will be further expanded.

In order to satisfy the most urgent and immediate requirements of society and to increase the output of export goods, it is necessary to accelerate the development rate of light industry, primarily the production of cloth, paper and medicines as well as the expansion of traditional handicrafts.

The fuel and energy branches are acquiring a priority nature. An especially large amount of significance is being allotted to the exploration for and operation of oil and gas deposits and to the mining of coal. The construction of large, medium and small hydroelectrical stations is being contemplated along with the development of electrical energy using operating thermal electric power stations.

As was already mentioned, the development of machine building, chemistry and the building materials industry must be directed primarily toward satisfying the requirements for them in the branches processing agricultural and timber products and toward the production of work tools, machines, equipment and fertilizer for agriculture.

The balanced expansion of ferrous and nonferrous metallurgical enterprises in accordance with the general tasks for the development of the entire economy has become the primary requirement and will be directed toward the partial supplying of production and capital construction with raw materials and materials. In doing this, a certain percentage of the products of ferrous metallurgy must be earmarked for export.

The task of expanding in every way possible the production of export goods requires the construction of a material base during the current five-year period to simultaneously increase the amount of export products during the current five-year period and to create the necessary material preconditions for speeding up the increase in earnings from exports after 1990.

An important condition for developing the country's national economy is the establishment of an infrastructure, primarily transportation and communications for satisfying the requirements of production, construction and society.

When it has fulfilled the social and economic development program that has been adopted, the Socialist Republic of Vietnam will acquire a new appearance and the people's standard of living will be raised. A base for the shift of the Vietnamese economy to a new stage -- the stage of a large-scale development of socialist industrialization and of the further deepening and expansion of the Socialist Republic of Vietnam's economic cooperation with the USSR and the other fraternal countries -- will have been created. The economic program embraces five-year and current plans for the country's social and economic development and at the same time serves as a base for coordinating economic policy and for coordinating the 1986-1990 national economic plans between the Socialist Republic of Vietnam and the other CEMA member countries.

In order to insure the successful realization of the economic program, it is necessary to improve the planning and management of the national economy through the more correct use of the principle of democratic centralism, taking into consideration the planning by the central link in managing the socialist economy. At the same time, it is required that economic levers be used flexibly, combining indoctrinal work with the application of administrative measures. In this manner, social, collective and individual interests will be tied together for mobilizing creative forces; increasing the responsibility for the task that has been entrusted; strengthening labor discipline; improving the use of machines and equipment; saving fuel, energy and raw materials; and achieving an economic effect in enterprises, at construction sites and in international cooperation.

Increasing labor productivity and the quality of produced items and the insuring of economic efficiency are a guide for action and the high duty of all management levels, production collectives, each worker and agricultural laborer, and the socialist intelligentsia.

Thanks to the correct directions in the development of the national economy and to the deeper coordination of national economic plans between the Socialist Republic of Vietnam and the USSR and the other CEMA member countries, new relationships will gradually arise in the Socialist Republic of Vietnam's economy and, thereby, the important proposition about the coming together and evening out of the fraternal countries' economic development levels, which flows from the Complex Program of the Council of Economic Mutual Assistance -- an international economic organization which is celebrating the 35th anniversary of its dynamic activity this year, which is playing an extremely important historical role for the socialist commonwealth and which is demonstrating absolute advantages when compared with any other international economic organization that has existed or does exist in world history -- will be successfully implemented.

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